

REENGINEERING THE ACQUISITION OVERSIGHT AND REVIEW PROCESS

VOLUME TWO
IMPLEMENTATION PLAN

FINAL REPORT
TO THE
SECRETARY OF DEFENSE
BY THE
ACQUISITION REFORM
PROCESS ACTION
TEAM

This document has been approved
for public release and sale; its
distribution is unlimited.

9 DECEMBER 1994

19950607 077

CHARTER

"...**D**evelop
within 90 days.
a comprehensive
plan to
reengineer the
oversight and
review process
for systems
acquisition,
in both
components
and OSD,
to make it
more effective
and efficient,
while maintaining
an appropriate
level of oversight."

--Dr. William J. Perry
Secretary of Defense

INTRODUCTION

In Volume I, we proposed a reengineered oversight and review process and offered thirty-three recommendations. In order to keep the report modular and to help follow-on implementation teams move out on the Secretary's adopted recommendations, this Volume contains separate implementation plans for each recommendation. Our starting point for the approach was the report previously issued by the process action team on specifications and standards.

The implementation plans begin with a short discussion of the issue and a cross reference to Volume I. Each plan is meant to provide some context for the reader, but does not substitute for the main report text. The "barrier" section of the plan, as well as a short recitation of the advantages and disadvantages, is intended to alert the reader to issues that may need to be worked and to provide some insight into the PAT's thought processes and the nature of the trade-offs we made. We offer the task descriptions as a Level One work breakdown structure, reflecting our best guess as to the appropriate agency to lead in a particular area.

Accession For	
NTIS CRA&I	<input checked="checked" type="checkbox"/>
DTIC TAB	<input type="checkbox"/>
Unannounced	<input type="checkbox"/>
Justification	
By	
Distribution/	
Availability Codes	
Dist	Avail and/or Special
A-1	

TABLE OF CONTENTS

Volume II

<u>Recommendation Number</u>	<u>Subject</u>	<u>Page</u>
	<i>Introduction</i>	<i>i</i>
	<i>Table of Contents</i>	<i>ii</i>
1	Program Manager Experience Requirements	1
2	Program Manager Tenure	4
3	Program Manager Selection Process	7
4	Integrated Product Teams	8
5	Rotational Assignments	10
6	Electronic Reporting	12
7	Joint Service Program Acquisition Executive	14
8	Reengineered Milestone Review Process	16
9	Single Pre-Milestone Review Meeting	19
10	Revised Reporting Requirements	21
11	Tailored Program Documentation	21
12	Milestone Review Documentation	34
13	Optional Formats and Documents	37
14	Statutory Reporting Requirements	51
15	Reduction of Component Specific Documentation	53
16	Affordability Determinations	55

<u>Recommendation Number</u>	<u>Subject</u>	<u>Page</u>
17	Cost/Schedule/Performance Trade-offs.....	56
18	Contractor Oversight.....	58
19	Contractor Past Performance.....	60
20	Contractor Self-Governance.....	62
21	Program Management Chain	64
22	Deputy Acquisition Executives.....	66
23	Acquisition Workforce Incentives.....	68
24	Auditor/Inspector Acquisition Qualifications	70
25	Central Scheduling of Audits/Inspections.....	72
26	Consolidation of Department Audit/Inspection Functions	74
27	Informing the Acquisition Community of Recommendations.....	75
28	Acquisition Training for Auditors/Inspectors/Oversight Staffs ...	77
29	Executive Level Acquisition Training	78
30	Automated Information System Oversight and Review	79
31	Implementation of Recommendations	80
32	Stretch Goals	82
33	Customer Satisfaction Surveys	84
	Appendix: List of Acronyms.....	A-1

Volume
I

Reengineering the Acquisition Oversight and Review Process - Final
Report (Published under separate cover)

REENGINEERING THE ACQUISITION OVERSIGHT AND REVIEW PROCESS

VOLUME II

IMPLEMENTATION PLAN

PROGRAM MANAGER EXPERIENCE REQUIREMENTS

RECOMMENDATION 1

The PAT recommends that experience requirements for Acquisition Category I (ACAT I) program managers and deputy program managers need to be more stringent than those the Defense Acquisition Workforce Improvement Act mandates.

DISCUSSION

The Defense Acquisition Workforce Improvement Act requires that an ACAT I program manager or deputy program manager have 8 years' acquisition experience, with at least 2 years in a program office or similar organization. The PAT recommends 8 years' acquisition experience, with at least 4 years in a program office including experience as a program manager or deputy program manager of a major or non-major program. At least 1 year on a Component or OSD oversight and review staff is desired. The PAT recommends that these requirements be waivable only by the Defense Acquisition Executive (DAE).

BARRIER

There may be fewer qualified program manager candidates to staff the ACAT I program offices.

IMPACTS

Advantages

- Better qualified program managers should—
 - result in increased trust and confidence;
 - facilitate a more efficient oversight and review process; and
 - result in better decision making and more successful programs.

Disadvantage

- The pool of qualified candidates for ACAT I program manager and deputy program manager positions will be smaller.

TASKS

Task 1: Increase the qualification requirements for ACAT I program managers and deputy program managers by changing DoD 5000.52-M, as follows: Appendix A.1, "Program Management,"

Section C, "Provisions for Program Managers and Deputy Program Managers for Major Defense Acquisition Programs and Significant Non-major Defense Acquisition Programs"; change subparagraph a. of paragraph 3., "Qualification Requirements," to read as follows:

"a. Before being assigned to a position as a program manager or deputy program manager of a major defense acquisition program or a significant non-major defense acquisition program, a person must—

(1) have completed the program manager course at the Defense Systems Management College or a management program at an accredited educational institution determined to be comparable by the Secretary;

(2) have executed a written agreement as required by paragraph C.1.b., above (except for program manager or deputy program manager of significant non-major defense acquisition programs);

(3) meet the entry standards for Acquisition Corps membership;

(4) in the case of a significant non-major defense acquisition program, must have at least 6 years' acquisition experience;

(5) *in the case of a major defense acquisition program, the program manager and deputy program manager, must have at least 8 years of acquisition experience, with at least 4 years in a program office, including experience as a program manager or deputy program manager of a major or non-major program. At least 1 year experience on a Component or OSD oversight and review staff is desired."*

Responsibility: The USD(A&T) issue the above changes.

Schedule: Changes issued within 60 days of the Secretary's approval of the PAT's recommendation.

Task 2: Make the qualification requirements for ACAT I program managers and deputy program managers waivable only by the DAE. Change DoD 5000.52-M, as follows: Appendix A.1, "Program Management," Section C, "Provisions for Program Manager and Deputy Program Manager for Major Defense Acquisition Programs and Significant Non-major Defense Acquisition Programs," change subparagraph a of paragraph 4., "Waiver of Qualification Requirements," to read as follows:

"a. The Secretary of each Military Department (acting through the Component Acquisition Executive (CAE) for that department), or the Director, Acquisition Education, Training and Career Development for Defense Agencies and other Components of the Department of Defense, may waive on a case-by-case basis, the qualification requirements with respect to the assignment of an individual to be a program manager (*except for program managers and deputy program managers of major defense acquisition programs*). *Waivers for program managers and deputy program managers of major defense acquisition programs may only be approved by the DAE.*) Such a waiver may be

granted only if unusual circumstances justify the waiver or if the *DAE* or Secretary concerned (or official to whom the waiver authority is delegated) determines that the individual's qualifications obviate the need for meeting the education, training, and experience requirements established in this Manual."

Responsibility: The USD(A&T) issue the above changes.

Schedule: Changes issued within 60 days of the Secretary's approval of the PAT's recommendation.

PROGRAM MANAGER TENURE

RECOMMENDATION 2

The PAT recommends that the DAE enforce longer tenures for ACAT I program managers than the Components practice.

DISCUSSION

The ideal case for ACAT I program manager tenure should be from a program's initiation until start of production (as defined at the Milestone B review). With exceptionally long programs, such as ship construction programs, this may not be practical. However, when an ACAT I program manager moves, it should be with the DAE's approval. The military and civilian personnel systems should provide a flexible grade structure to allow for promotion-in-place with a requisite billet upgrade rather than requiring moves because an individual is promoted.

BARRIERS

- Implementation of a flexible grade structure will require changes to the civilian promotion system.
- Longer assignments are contrary to the current system, which allows more program managers to rotate through these positions to enhance their career progression.
- Changes will be required to program manager billet structure to allow for promotion in-place.

IMPACTS

Advantages

- Because program managers will be accountable for the long-term consequences of program decisions, more qualified program managers should make better and more responsible planning decisions.
- Longer assignments will force program managers to take a long-term view of the program.
- Longer assignments will enhance program stability.

Disadvantages

- Longer assignments may—
 - conflict with mandatory military retirement age—may limit long-term (greater than 5 years) assignments to more junior officers;
 - limit the "command" opportunities for military acquisition managers;
 - cause individuals to avoid program manager positions; and
 - reduce Component flexibility for personnel movement.

TASKS

Task 1: Components shall change their assignment policies to provide for promotion in-place.

Responsibility: The Under Secretary of Defense (Personnel and Readiness) (USD(P&R)) shall issue a policy memorandum to the Components.

Schedule: Issue policy within 60 days of the Secretary's approval of the PAT's recommendation. Components shall modify policy within 60 days of receipt of USD(P&R) memorandum.

Task 2: Extend major defense acquisition program manager assignments through the start of production by changing DoD 5000.52-M, Appendix A.1, "Program Management," Section C, "Provisions for Program Manager's and Deputy Program Manager's for Major Defense Acquisition Programs and Significant Non-major Defense Acquisition Programs," change paragraph 1, "Assignment Period," to read as follows:

"a. The program manager of a major defense acquisition program shall be assigned to the position from program initiation to the start of production. The "start of production" will be defined by the DAE at the program initiation decision. In the event of a waiver to this assignment period, then a program manager who is the replacement for a reassigned program manager shall arrive at the assignment location before the reassigned program manager leaves.

b. The deputy program manager of a major defense acquisition program shall be assigned to the position at least until completion of the major milestone that occurs closest in time to the date on which the person has served in the position for 4 years. Except as provided below under "Waiver of Assignment Period," the Secretary concerned may not reassign a deputy program manager from such an assignment until after such a major milestone has occurred.

c. A person may not be assigned to a position as a program manager or deputy program manager of a major defense acquisition program unless the person executes a written agreement to remain on active duty (in the case of a member of the Armed Forces) or to remain in Federal Service (in the case of an employee) for the period of time stipulated above. The Service obligation contained in such a written agreement shall remain in effect unless and until waived by the Defense Acquisition Executive. The agreement will be executed prior to the person assuming duties of the position."

Responsibility: The USD(A&T) issue the above changes.

Schedule: Changes issued within 60 days of the Secretary's approval of the PAT's recommendation.

Task 3: Elevate the major defense acquisition program, program manager assignment period waiver approval authority to the DAE by changing DoD 5000.52-M, Appendix A.1, Program Management, Section C, "Provisions for Program Manager's and Deputy Program Manager's for Major Defense Acquisition Programs and Significant Non-major Defense Acquisition Programs," paragraph 2., "Waiver of Assignment Period," to read as follows:

"a. The assignment period requirements for program managers of major defense acquisition programs may be waived by the DAE. The document shall be submitted to the Director, Acquisition Education, Training, and Career Development in DUSD(AR) for approval by the DAE.

b. For deputy program managers of major defense acquisition programs or program managers of significant non-major defense acquisition programs, the Secretary concerned may waive the prohibition on reassignment and the service obligation in an agreement executed by that person, but only in exceptional circumstances. The authority to grant such waivers may be delegated by the CAE of a Military Department only to the Director Acquisition Career Management for the Military Department. With respect to each waiver, the CAE (or delegate) shall set forth in a written document the rationale for their decision to grant the waiver. The document shall be submitted to the Director, Acquisition Education, Training, and Career Development in DUSD(AR)."

Responsibility: The USD(A&T) issue the above changes.

Schedule: Changes issued within 60 days of the Secretary's approval of the PAT's recommendation.

PROGRAM MANAGER SELECTION PROCESS

RECOMMENDATION 3

The PAT recommends that the DAE require the Components to institutionalize a centralized ACAT I program manager selection board process that is chartered by the Component Acquisition Executive. The board process should be objective, disciplined and focused on matching managerial experience, skills and abilities to specific programs and the needs of those programs.

DISCUSSION

The current system for selecting ACAT I program managers differs among the Components, and it may be separate for military and civilians. The PAT recommends that a selection board process, very much like a general/flag officer or command selection board, be used to select ACAT I program managers. The Board's members should all be senior acquisition leaders who previously served as program managers. There should be strict rules to ensure objectivity of the Board. The Board should consider both military and civilian candidates and select the best qualified candidate, based upon pre-established selection criteria and the mating of the candidates' strengths and the unique needs of each program. The Board should provide its recommendation to the DAE for confirmation.

BARRIER

Components may view this process as an encroachment upon their authority and responsibilities.

IMPACTS

Advantages

- Reinforces program manager accountability to the DAE.
- Places the best qualified individuals in the high-risk, ACAT I program manager assignments.

Disadvantages

- Will require some changes in military and civilian personnel billets.
- Program manager experience requirement for a board member may restrict senior acquisition leaders from serving on the board.

TASK

Task: Convene Component working group to develop guidelines for the implementation of the program manager selection board process.

Responsibility: The USD(A&T) convene the working group.

Schedule: Develop guidelines within 60 days of the Secretary's approval of the PAT's recommendation.

INTEGRATED PRODUCT TEAMS

RECOMMENDATION 4

The PAT recommends that the DAE and the CAEs institutionalize the use of Integrated Product Teams (IPTs) led by PEO-qualified leaders to provide advice to them and to help the program manager.

DISCUSSION

A multidisciplinary, integrated staff will facilitate a product-oriented focus, rather than functional issues focus. The IPT acts collaboratively and decides what issues need to be raised to the decision makers. The most senior staff IPT leaders should meet PEO Defense Acquisition Workforce Improvement Act qualifications. During the past 5 years, many contractors and Government program offices have made significant progress "de-functionalizing" their staffing processes and shifting to integrated product teams. However, at the Components' headquarters and OSD, day-to-day processes still adhere to a functional orientation. Though certain individuals are vested with some level of integration responsibility, they are not always given the stature and accountability they need to resolve issues and get decisions made. The concept empowers the IPT leader with the responsibility to represent to the decision maker the functional perspectives of the team.

The IPT concept is intended to be used horizontally (i.e., a program manager IPT, a Component staff IPT, and an OSD staff IPT) and vertically (i.e., expanded program manager IPTs that include Component and OSD staff) when necessary for early or continuous involvement.

BARRIER

The IPTs may be resisted by functional staff members, since they may lose their individual direct access to the decision maker.

IMPACT

Advantages

- Better teamwork among the staffs and with the program managers and PEOs.
- Resolution of issues at a lower level.
- Reduced tendency toward functional suboptimization.

Disadvantages

- Decision makers and supporting staff must change current behavior and accept a redefinition of roles.
- The concept empowers a team leader that is outside the program manager-PEO-CAE-DAE direct reporting chain.
- Objective, independent assessment by the staff may be compromised.

TASKS

Task 1: Develop policy on IPT implementation within oversight and review staffs.

Responsibility: The USD(A&T) issue a policy memorandum.

Schedule: Policy issued within 30 days of the Secretary's approval of the PAT's recommendation.

Task 2: Revise position descriptions and work plans, as needed.

Responsibility: The USD(A&T) and CAEs.

Schedule: Complete within 90 days of the Secretary's approval of the PAT's recommendation.

ROTATIONAL ASSIGNMENTS

RECOMMENDATION 5

The PAT recommends that 10 percent of Component and OSD oversight and review staffs have annual opportunities for flexible rotational assignments in program manager/PEO organizations. An equivalent number of program office/PEO personnel should also have rotational opportunities to staff positions. Recent, relevant field experience should become a significant factor in the selection criteria for future senior staff positions.

DISCUSSION

There is frequently an "us" versus "them" mind-set between staff and line personnel. One means of attempting to break down such a mind-set is to gain experience in both fields. Returning to the line periodically ensures staff remain aware of current execution demands and provides the opportunity for staff to share their expertise and perspective with program offices. Rotating program office personnel into staff positions offers them the opportunity to broaden their perspective and bring current program execution experience and perspective to staff organizations.

BARRIERS

- Developmental assignments of more than 364 days require permanent change of station moves and may require significant funding.
- Shorter assignments may require temporary duty travel funds.
- A significant behavioral change will be required to break down the "us" versus "them" mentality.

IMPACTS

Advantages

- Cultivates a sharing and broadening of perspectives and experience.
- Facilitates more of a "team" atmosphere.
- Establishes a greater pool of more qualified candidates for future senior acquisition positions.

Disadvantage

- High cost associated with frequent personnel moves.

TASKS

Task 1: Identify opportunities for rotational assignments for acquisition oversight and review, program office and PEO staff personnel and develop implementing procedures.

Responsibility: The USD(A&T) in consultation with the USD(Personnel & Readiness) and CAEs.

Schedule: Implementing procedures within 90 days of the Secretary's approval of the PAT's recommendation.

Task 2: Budget dollars necessary to pay the costs associated with rotational assignments.

Responsibility: The Director for Acquisition Education, Training and Career Development in the DUSD(AR).

Schedule: Complete budgeting for FY96 start.

ELECTRONIC REPORTING

RECOMMENDATION 6

The PAT recommends that the DAE adopt a new, more continuous oversight process that relies on an electronic information net, face-to-face communication with the program manager and the decision makers, a Monthly Status Report and statutory documentation as primary sources for oversight information. For programs requiring more information, the decision makers may tailor-in additional requirements, as appropriate.

DISCUSSION

Electronic information technology is available to implement electronic oversight reporting. Relational programming and interactive distributed systems make a single data base feasible for the program office; on-line access systems make it possible to look at this data in real time. Face-to-face discussions can occur between Acquisition Executives and program managers on short notice with interactive video phone systems, regardless of airline schedules or weather. Routine oversight reporting can appear near real-time. Electronic technology has already proven a high-leverage decision accelerator and cost reducer in industry. It is past time to exploit its potential for communication between acquisition managers. Electronic tools currently in place should be adapted to this task in the near term with more focused technology acquired in the long term.

BARRIERS

Electronic replacement of paper systems usually involves a cultural and procedural period of adjustment. The success of a new system may be at risk unless the customer is highly committed to make the new system successful. Those who perceive their jobs to be at risk because of increased efficiencies and cost savings will tend not to support implementation success. Additionally, new data systems may be budget lead-time away from implementation.

IMPACTS

Advantages

- Accelerates the oversight reporting process, increasing the relevance of data.
- Reduces labor intensity of process.
- Reduces long-term process costs.

Disadvantages

- Security classification of some programs may limit use.

TASKS

Task 1: Appoint OSD Acquisition Oversight Automation IPT.

Responsibility: USD (A&T).

Schedule: Select and appoint no later than 15 days after the Secretary's approval of this recommendation.

Task 2: Develop an integrated plan to automate, with desktop access for the decision maker, monthly status reporting for ACAT I programs.

Subtask 2.1: Short-term plan to implement within 90 days monthly status reporting with current hardware and software assets.

Subtask 2.2: Long-term plan to implement optimal system with newly procured assets.

Responsibility: OSD Acquisition Oversight Automation IPT.

Schedule: Short-term plan available 30 days after IPT appointment. Long-term plan available 120 days after IPT appointment.

Task 3: Develop a plan to electronically facilitate the Acquisition Executive Chat.

Responsibility: OSD Acquisition Oversight Automation IPT.

Schedule: Plan available 45 days after IPT appointment.

Task 4: Develop a plan to prototype a flexible, electronically accessible and secure relational program management data system.

Responsibility: OSD Acquisition Oversight Automation IPT.

Schedule: Plan available 120 days after IPT appointment.

JOINT SERVICE PROGRAM ACQUISITION EXECUTIVE

RECOMMENDATION 7

The PAT recommends that the DAE designate the Principal Deputy Undersecretary of Defense (Acquisition Technology) as a Joint Acquisition Executive to facilitate a reengineering experiment. The DAE would delegate to the Joint Acquisition Executive oversight, review and budgeting/programming responsibility for a small set of DoD programs selected from among all DoD programs (ACATs I through IV) for which either a joint requirement exists or there is a need for substantial integration among the Components (e.g., Theater Missile Defense, airborne reconnaissance, anti-armor submunitions and some C³I systems). Reporting to the Joint Acquisition Executive would be product-oriented Joint Program Executive Officers (Joint PEOs) who would assume the primary role for integrating among programs and among the Components. Program managers would report to the respective Joint PEOs. Current organizations (e.g., the Components or special oversight organizations like the Ballistic Missile Defense Organization) that have an oversight or integration function would be relieved from responsibility for this set of programs.

DISCUSSION

The creation of a Joint Acquisition Executive permits the DoD to directly address the long-standing problems encountered by joint programs. Issues of agreement on requirements, dictated marriages and shifting priorities are avoided by having the programs placed under a purple-suited decision maker who has fiscal resource management authority. No single Component will be able to optimize system performance at the expense of other users since all changes to requirements will require JROC approval and Joint Acquisition Executive resources.

The addition of Joint PEOs who are product line oriented provides a decision maker close to the point of execution that has a broad view of the activities of all Components, but is not beholden to anyone.

The PAT believes the Joint Acquisition Executives concept should be implemented on an experimental basis, in parallel with the existing CAE structure, initially to test the concept and develop oversight and review procedures which meet the Joint Acquisition Executives and Component's needs. The PAT believes that the concept should be implemented for a few of the most troubled joint or collaborative programs by directing that joint programs in these product lines be transferred from the present Executive Service chain of command to the Joint Acquisition Executive.

BARRIERS

The Components will resist the loss of control over programs presently under their purview. Additional resistance will come from the loss of control over Program Objective Memorandum (POM) and budget authority over these programs.

IMPACTS

Advantages

- Reduces program redundancy and promotes commonality across the Components.
- Promotes requirements stability by requiring JROC approval of changes.
- Stabilizes funding by removing funds from the vagaries of Component priorities.
- Capitalizes on the product line segregation already present in the Components.

Disadvantages

- May require some short-term duplication in oversight and review staffs during the experimental period before all joint programs are transitioned.
- Requires creation of new PEO structure outside of the Components.

TASKS

Task 1: Creation of Joint Acquisition Executive. Within 30 days of the plan approval, the USD(A&T) will direct the implementation group to define—

- the charters of the Joint Acquisition Executive and Joint PEOs;
- the programs to be transitioned for the experimental period;
- the length of the experiment; and
- the criteria for evaluating the success/failure of the experiment.

Following DAE approval of the above, the DAE will designate the PDUSD(A&T) as the Joint Acquisition Executive for the experiment. The Joint Acquisition Executive will select Joint PEOs who have broad joint Service experience.

Responsibility: The USD(A&T) will be the office of primary responsibility to prepare and staff the taskings of the implementation team. The charter of the Joint Acquisition Executive should vest him or her with the resource management authority and authorization to select Joint PEOs.

Schedule: The Joint Acquisition Executive/Joint PEO charters and programs selected will be submitted to USD(A&T) for approval within 45 days of team tasking. The Joint Acquisition Executive will begin functioning within 90 days of Charter approval.

Task 2: Vesting the Joint Acquisition Executive with financial management authority. The USD(A&T) will delegate to the Joint Acquisition Executive budgeting/programming responsibility for the selected programs. It is expected that the DoD Comptroller will assist the Joint Acquisition Executive in carrying out his or her financial management responsibilities without the need for a dedicated Joint Acquisition Executive financial staff.

Responsibility: The USD(A&T) will issue the memorandum of delegation.

Schedule: The Joint Acquisition Executive will assume financial control of the selected programs concurrent with establishment.

REENGINEERED MILESTONE REVIEW PROCESS

RECOMMENDATION 8

The PAT recommends an immediate transition to the three-milestone process for all current ACAT I programs with an evolutionary transition over the next year to the less-than ACAT I programs.

A summary of the process and who the decision makers are (as a function of program size) is in Figure 1.

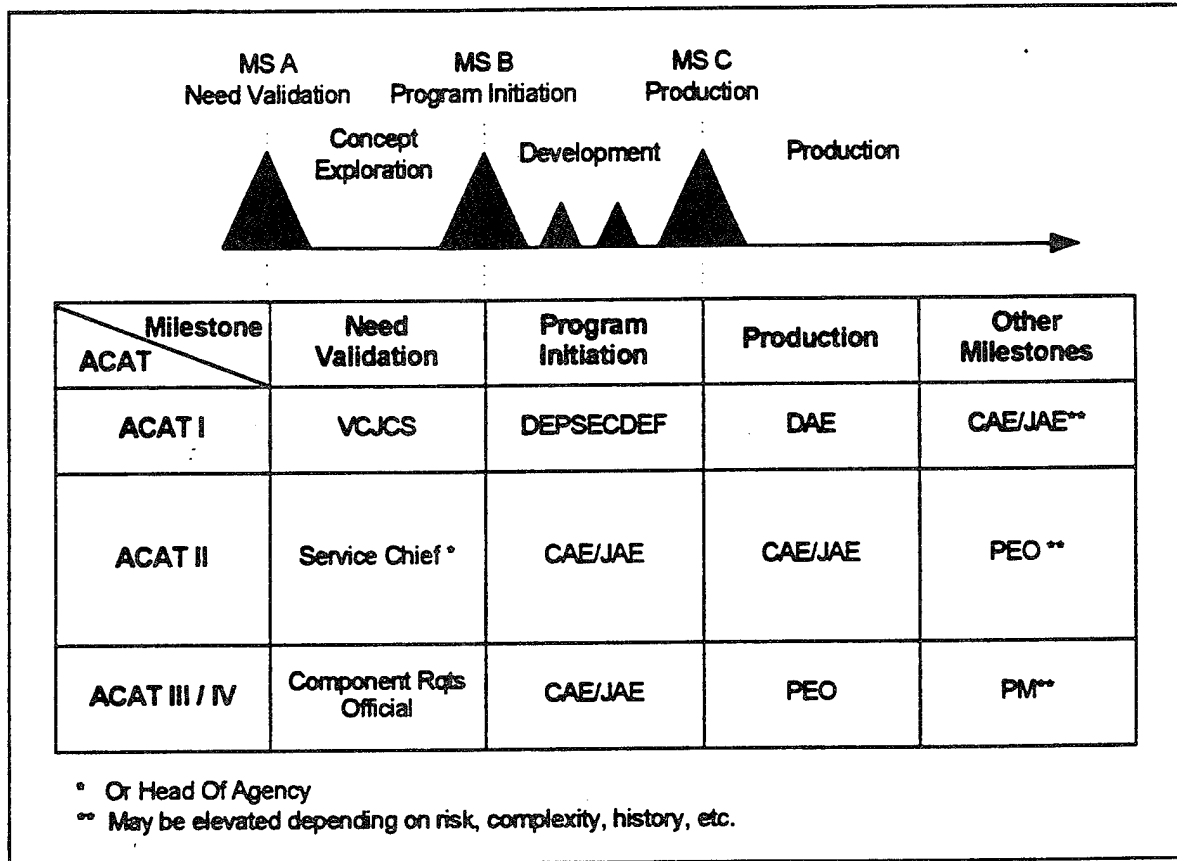


Figure 1. Milestone Process and Decision Makers

DISCUSSION

This recommended milestone process aligns the milestone decision authority with the importance of the decision being made and provides for delegation of other critical in-phase decisions to be made at lower levels provided the program is in compliance with its baseline. For an in-depth discussion of this process, please refer to Volume I of this report.

BARRIERS

- The acquisition and budgeting community will resist the changed responsibilities in the milestone decision process.
- The Component user communities will resist the Chairman Joint Chiefs of Staff role in assigning priorities that will impact resource allocation.
- The user may not have the resources to be so engaged early in the process.
- DAE may resist delegation of ACAT I decision authority for other milestones to CAEs.
- The Chairman of the Joint Chiefs of Staff may not be willing nor able to accept this enhanced role in need validation.

IMPACTS

Advantages

- Placing the Need Validation and follow-on Concept Exploration responsibilities with the user more properly aligns this requirements decision with the user community.
- A joint task force to develop alternative solutions fosters teamwork and innovation potentially creating a greater range of choices for the warfighter.
- Placing the Program Initiation decision with the Deputy Secretary of Defense as Chairman of the Defense Resources Board provides for DoD commitment to the program with a funded budget line, and results in improved program stability.
- Reduces the number of program reviews.
- Increased user involvement should result in more trust and confidence.
- Reduces the decision making timeline for in-phase decisions as long as programs maintain baseline performance.

Disadvantages

- The JROC (for ACAT I) and Components (other programs) may have difficulty establishing program priority as well as required resources.
- The user may not be able to agree to an annual priority setting process.
- Priority changes could destabilize acquisition programs.
- The Components and other agencies may not fully support the concept exploration joint task force or the prioritization of programs.
- Congress may perceive the revised process as having fewer checks and balances.

TASKS

Task 1: Immediately issue a policy memorandum implementing this revised process. Revise DoD 5000 series within 6 months to prescribe the new reengineered milestone oversight and review process.

Responsibility: USD(A&T) shall form a task force to draft and coordinate changes.

Schedule: The task force should complete its activities within 90 days of the Secretary's approval of the PAT's recommendation.

Task 2: The DAE and CAEs will adopt procedures to transition each program to the new milestone process. The decision authority for in-phase decision points will be negotiated by the DAE and CAEs.

Responsibility: The DAE & CAEs.

Schedule: Procedures developed and adopted within 90 days of the Secretary's approval of the PAT's recommendation.

SINGLE-PRE-MILESTONE REVIEW MEETING

RECOMMENDATION 9

The PAT recommends that there be only one formal review before a milestone decision meeting. The CAE will chair that review. An Integrated Product Team, comprised of users, OSD and Component staffs as well as program office staff, will prepare for the meeting. The team leader should be the product-focused, OSD Oversight IPT leader. The leader's responsibilities are to accomplish all prerequisite activities and to resolve issues within the IPT.

DISCUSSION

The current milestone review process is sequential, does not have a process owner, and is prone to delays. This recommendation takes advantage of process changes recommended elsewhere (adoption of the IPT model for headquarters staffs and reduction of documentation) to replace the sequential process with a single-decision meeting. Balance is achieved by having OSD lead the IPT and the CAE chair the meeting. It is recognized that preparation for a milestone remains a complex undertaking, and that functional staffs should have the flexibility to use whatever processes are appropriate to get ready for the decision meeting. At the same time, the thrust is to minimize the number of formal gates and create end-to-end process ownership.

BARRIER

There probably are no barriers to implementing this recommendation, since everyone agrees in principle with teamwork. The major challenge is resisting the temptation to convene pre-meetings and otherwise revert to the status quo or worse, especially if the CAEs are confronted with more issues than they would wish to resolve.

IMPACTS

Advantages

- Reduces hand-offs, steps and opportunities for delay.
- Identifies a process owner (IPT leader).
- Mitigates "us versus them" mentality in Component reviews.
- Enhances OSD/component teamwork.
- Better utilizes talents of CAEs.

Disadvantages

- Elimination of OSD committee structure and Defense Acquisition Board isolates the DAE from senior USD(A&T) staff.
- Potential for unwieldy meetings, pre-meetings to creep in prior to single review.
- Extensive coordination action will be required between Components and OSD.

TASK

Task 1: The USD(A&T) develop policy to establish single pre-milestone decision review.

Responsibility: The USD(A&T) to issue a policy memorandum.

Schedule: Memorandum issued within 45 days of the Secretary's approval of the PAT's recommendation.

Task 2: Develop implementation guidance in DoDD 5000.1 and DoDI 5000.2.

Responsibility: USD(A&T) to convene joint Component working group to develop implementation guidance.

Schedule: Implementation guidance developed within 90 days of the Secretary's approval of the PAT's recommendation.

REVISED REPORTING REQUIREMENTS

RECOMMENDATION 10

The PAT recommends that the documents, reports, and certifications listed in DoDI 5000.2, Part II, be immediately replaced by the minimum set of documents outlined in this report.

TAILORED PROGRAM DOCUMENTATION

RECOMMENDATION 11

The PAT recommends that the program manager select which program plans are appropriate based on individual program requirements and what the program office needs. Approval and staffing level for program plans should be no higher than the PEO.

DISCUSSION

DoDI 5000.2 lists the documents, report, and certifications required for all acquisition categories (ACAT). It also references program plans either required by DoDI 5000.2, or by other directives, instructions or Military Standards. Although some tailoring flexibility is inherent in the current policy, the milestone decision authorities have been reluctant to do so. So, to ensure only the minimum set of required statutory and non-statutory documents, reports and certifications apply to acquisition program review and oversight, the PAT developed a detailed table showing these requirements. The documentation required for a milestone decision review has been reduced to one single document, a revised Integrated Program Summary (IPS), with three annexes: Program Structure Chart, Acquisition Program Baseline (APB), and Proposed Acquisition Decision Memorandum (ADM). The IPS and its annexes were analyzed in detail, and a recommended format/content was agreed to.

BARRIERS

Some of the documents the PAT recommended for deletion will cause great concern among some offices on the OSD and Component Staffs; particularly, the elimination of the Cost and Operational Effectiveness Analysis, the Cost Analysis Requirements Document, the Component Cost Assessment, the Independent Cost Estimate for ACAT II programs, and the intelligence reports. However, the PAT is confident that the reengineered oversight and review process compensates for the lack of these documents. One, the Cost and Operational Effectiveness Analysis, may be implemented in some form, for some programs, based on the decision of the Milestone Decision Authority.

IMPACTS

Advantages

- Reduced time and dollars spent in preparing program documentation.
- More efficiency in the staffing and review process prior to milestone reviews.
- More flexibility for program status reporting.

Disadvantages

- Possible lack of staff ability to advise the MDA due to reduced information available for review and analysis.
- There is some risk that the lack of a COEA, or an independent cost estimate for some programs may result in a less than optimal analysis of competing alternatives, or that the cost estimate may not be as accurate as possible. However, these risks are considered minimal. In fact, there is little evidence that these documents have a great impact on the selected alternatives for development or the real cost to the government.

TASK

Task: Replace Part II.C of DoDI 5000.2 with a revised table of required documents.

Note: The revised table of documents attached to the implementation memorandum assumes all documentation recommendations are approved. The documentation changes recommended in Volume I of the report may be implemented in a modular, incremental fashion and this task completed last.

Responsibility: Director, Acquisition Program Integration, OUSD(A&T). Send attached USD(A&T) memorandum to CAEs with a new/revised Part II.C, DoDI 5000.2, for immediate implementation.

Schedule: Within 30 days after the Secretary's approval of the PAT's recommendation.

draft memo, implementation of documentation recommendations 10 & 11

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
COMPTROLLER OF THE DEPARTMENT OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF
DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF
DEFENSE
DIRECTOR , OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR OF ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Defense Acquisition Program Documentation, Reports and Certifications

Effective _____, documentation, reports and certifications required for defense acquisition programs are changed to those reflected in attachment 1. Required documentation for milestone reviews and oversight of acquisition programs depicted in the attachment replace Part 11C, DoD Instruction 5000.2 and will be reflected in the next revision to this instruction.

signed/USD(A&T)

attachment

interim change
(month/day/year)
DoDI 5000.2
PART 11
SECTION C
ATTACHMENT 1

**ACQUISITION PROGRAM MILESTONE, EXECUTION, AND OVERSIGHT
DOCUMENTS, REPORTS AND CERTIFICATIONS (ACAT I, II, III AND IV
PROGRAMS)**

NOTE. This interim change replaces the following sections and attachments of Part 11, DoD Instruction 5000.2, February 23, 1991, with Change 1 dated 2/26/93:

- Part 11, Section C, Attachment 1, Acquisition Category I Milestone Documentation Requirements.
- Part 11, Section C, Attachment 2, Acquisition Category II, III, and IV Milestone Documentation Requirements.
- Part 11, Section D, Attachment 1, Acquisition Category I Periodic Reports and Required Certifications.
- Part 11, Section D, Attachment 2, Acquisition Category II, III, and IV Periodic Reports and Required Certifications.

Milestone Review, Program Execution, and Oversight Documents, Reports, and Certifications

Milestone Review Documents

DOCUMENT	REQUIRED BY	ACAT	MILESTONE	PURPOSE OF DOCUMENT	PREPARED BY	APPROVED BY	PROVIDED TO
Integrated Program Summary (IPS)	DoDI 5000.2	all	B, C & others	Executive summary of key areas and plans for future acquisition.	Program Manager (PM)	ACAT I: PM, PEO, VCJCS or designated official, and MDA. ACAT II, III, IV: PM, Service Chief/Agency Head or designated official, PEO and MDA	ACAT I: MDA (Component Acquisition Executive (CAE) or Defense Acquisition Executive (DAE)), Service Chief/Agency Head. For information to DAE if not the MDA. ACAT II, III, IV: MDA, Service Chief/Agency Head or designated official.
• Annex A: Program Structure	DoDI 5000.2	all	B, C & others	Chart of key schedule events	PM	same as IPS	same as IPS
• Annex B: Acquisition Program Baseline (APB)	10 USC 2435 DoDI 5000.2	all	Dcm/Val EMD Production	Document cost, schedule, and performance baseline agreement between the Milestone Decision Authority/Component Acquisition Executive, Program Executive Officer and User.	PM	same as IPS	same as IPS
• Annex C: Proposed/Final Acquisition Decision Memorandum (ADM)	DoDI 5000.2	all	all	Recommended decision for proceeding forward into next phase; provides documentation for following milestone.	Proposed: PM Final: MDA	MDA	Program Manager, PEO, Component Head, CAE, Service Chief, and CJCS. ACAT I: Final ADM for information to DAE if not the MDA.
Mission Need Statement (MNS)	CJCS MOP 77. DoDI 5000.2	all	A	Define broad operational capability need.	Military Services, Defense Agencies, CINCs of Unified Commands, Joint/OSD Staff	VCJCS (Chair, Joint Requirements Oversight Council (JROC))	ACAT I: Component Head, Service Chief, Manager of Concept Exploration activities, CINCs ACAT II, III, IV: Service Chief/Agency Head or designated representative, CINCs

Program Execution Documents

DOCUMENT	REQUIRED BY	ACAT	PHASE	PURPOSE OF DOCUMENT	PREPARED BY	APPROVED BY	PROVIDED TO
Acquisition Strategy Report (ASR)	DoDI 5000.2, Part 5.A	all	developed during CE, updated as required	Describes acquisition strategy: program structure, technology transition, streamlining, sources, contract types, competition, competitive prototyping.	PM	MDA	PM, PEO, or as designated
Acquisition Plan (AP)	FAR 7.1 DFARS 207.1	all	all	Procurement strategy. Required prior to release of RFP when total RDT&E cost is \$5M or more, or total costs of all contracts for production or services is \$30M or more for all years, or \$15M or more for any FY.	Contracting Officer and PM	As specified by Senior Procurement Executive; normally Head of Contracting Activity/PEO.	As specified by Senior Procurement Executive.
Affordability Assessment	DoDI 5000.2 Part 4.D	all	developed during CE, updated in Dem/Val & EMD.	Provides assessment of the life cycle resource requirements for the program, compared against affordability constraints and other resource demands in the mission or investment area over the planned life cycle.	ACAT I: Joint Staff ACAT II: Component staff ACAT III & IV: Component staff, or as designated	ACAT I: CJCS ACAT II: Component Head ACAT III & IV: Component Head, or as designated	Component Head, MDA, PEO or as designated, PM ACAT I: DA&I for information if not MDA.
Cooperative Opportunities Document (COD)	10 USC 2350 DoDI 5000.2, Part 3	I	developed during CE, updated as required	Consideration of opportunities to conduct cooperative R&D and/or production with allies and other friendly nations.	Component International staff	Component Head, or as designated	MDA, PEO or as designated, PM
Development Test (DT) Plans	DoD 5000.2, Part 8	all	prior to start of DT	Provide test objectives, schedule and resources planned for all system components critical to the achievement and demonstration of contract technical performance specifications.	PM	PM	CAE, PEO or as designated, and DT Activity.
Early Operational Assessment Report	DoDI 5000.2 Part 8	all	prior to EMD decision	When requested by PM to support a decision on quantities for LRIP.	Component Operational T&E Activity	Cdr, Component Operational T&E Activity	PM

Program Execution Documents, continued:

DOCUMENT	REQUIRED BY	ACAT	PHASE	PURPOSE OF DOCUMENT	PREPARED BY	APPROVED BY	SUBMITTED TO
Independent Cost Estimate (ICE)	10 USC 2434 DoDI 5000.2 Part 4.D. DoDD 5000.4	I	developed prior to entry into EMD, updated prior to full rate production.	Independent assessment of RDT&E, procurement, MILCON, and O&M costs. Includes operational manpower requirements.	OSD Cost Analysis Improvement Group (CAIG)	Chair, OSD CAIG	Component Head, CAE/MDA, PEO or as designated, and PM. for information to DAE if not MDA.
Justification and Approval (J&A)	10 USC 2304 FAR 6.303 DFARS 206.303	all	prior to contract negotiation or award	Justification and approval for using less than full and open competition	contracting officer	Senior Procurement Executive or as delegated IAW FAR/DFARS	as specified by the Senior Procurement Executive
Live Fire Test and Evaluation Waiver	10 USC 2366 DoDI 5000.2 Part 3	selected ACATs	prior to EMD decision	Provides rationale for less than full-up LFT&E on covered systems for SECDEF certification to Congress that survivability and lethality testing would be unreasonably expensive or impracticable.	PM: waiver request in IPS MDA: Provides to USD(A&T)	USD(A&T)	Congress
Low-Rate Initial Production Report for Naval Vessels and Satellites.	10 USC 2400 DoDI 5000.2 Part 3	I	after EMD decision	Provides Congress: an explanation of the rate and quantity prescribed for LRIP and the considerations in establishing that rate and quantity; the TEMP and the MDA's approved acquisition strategy including the procurement objectives in terms of total quantity of articles to be procured and annual production rates.	PM: LRIP and quantity explanation will be included in the IPS. MDA's Staff: Provides TEMP and acquisition strategy information.	MDA	Congress
Operational Requirements Document (ORD)	CJCS MOP 77 DoDI 5000.2, Part 4.B	all	developed during CE, updated as required	Provides minimum operational performance and related operational requirements for the system.	User	VCJCS or as delegated (the Service Chief or Agency Head)	MDA, PEO or as designated, PM

Program Execution Documents, continued:

DOCUMENT	REQUIRED BY	ACAT	PHASE	PURPOSE OF DOCUMENT	PREPARED BY	APPROVED BY	SUBMITTED TO
Operational Test (OT) Plans	DoD 5000.2, Part 8	all	prior to start of OT	Provide test objectives, schedule measures of effectiveness, operational scenarios, threat simulation resources, test limitations, methods of data gathering, reduction and analysis.	OT Activity	ACAT I and others on OSD T&E Oversight; CAE, DTSE&E, DOT&E. Others: CAE or as designated.	ACAT I: CAE/MDA ACAT II, III, IV: MDA
Program Office Estimate (POE)	DoDI 5000.2 DoDD 5000.4	all	developed during CE, updated as required	Provides estimated life cycle costs for RDT&E, Procurement, MILCON and O&M.	PM	PEO, or as designated	ACAT I: OSD CAIG ACAT II, III, IV: MDA
Program Environmental Assessment (PEA)	42 USC 4321, sec. 815, PL 103-335. DoDI 5000.2, Part 3	all	developed during CE, updated as required	Environmental impact analysis, environmental costs, ensures compliance before development.	PM	PEO, or as designated	MDA, PEO or as designated
System Threat Assessment Report (STAR)	DoDI 5000.2 Part 4.A	I	developed during CE, updated as required	Provides PM and user with system level threat to new system about to enter development. Updates provide changes in threat to system in development or production.	Component Intelligence Agency	Commander, Component Intelligence Agency. Validated by DIA.	MDA/CAE, PEO or as designated, PM and user. for information to DAE if not MDA
Threat Assessments	DoDI 5000.2 Part 4.A	II, III, IV	developed during CE, updated as required	same as STAR	Component Intelligence Agency	Commander, Component Intelligence Agency	MDA, PEO or as designated, PM and user.
Test & Evaluation Master Plan (TEMP)	10 USC 139 10 USC 2399 DoDI 5000.2, Part 8	I & selected others	developed during CE, updated prior to EMD and production	Describes overall structure, major elements, and objectives of test program; and to ensure timely availability of existing and planned resources required to support the T&E program.	PM	ACAT I and others on OSD T&E Oversight; CAE, DTSE&E, DOT&E. Others: CAE or as designated.	ACAT I: CAE/MDA ACAT II, III, IV: MDA

Program Oversight Reports and Certifications

REPORT	REQUIRED BY	ACAT	WHEN REQUIRED	PURPOSE OF REPORT	PREPARED BY	APPROVED BY	PROVIDED TO
Selected Acquisition Report (SAR)	10 USC 2432	I	annually/quarterly	Provides Congress a summary of key cost, schedule, technical baseline information and program variance analysis relative to the baseline SAR	PM	USD(A&T)	Congress
Exception SAR	10 USC 2432	I	within 45 days of a unit cost or schedule breach	Notifies Congress of a 15% or greater increase in program acquisition unit cost or current procurement unit cost, and/or 180 day or more delay in a program milestone relative to the baseline SAR	PM	USD(A&T)	Congress
Unit Cost Report (UCR)	10 USC 2433 DoD 5000.2-M, Part 18	I	Quarterly	Provides Congress report of program acquisition unit cost, procurement unit cost, and cost or schedule variance in a major contract under the program since the contract was entered into. Changes from program schedule milestones or program performances reflected in the baseline.	PM	USD(A&T)	Congress
Exception Unit Cost Report (Nunn-McCurdy breaches)	10 USC 2433	I	Greater than 15% or 25% increase in program acquisition unit cost or program unit cost	Service Secretary must report to Congress within 30 days of receiving from PM notification of 15% breach. If 25% breach, USD(A&T) must certify program need, cost, and management to Congress, or obligation authority will be revoked.	PM	USD(A&T)	Congress

Program Oversight Reports and Certifications, continued

REPORT	REQUIRED BY	ACAT	WHEN REQUIRED	PURPOSE OF REPORT	PREPARED BY	APPROVED BY	PROVIDED TO
Program Deviation Report	ACAT I: 10 USC 2435 ACAT II, III, IV: DoDI 5000.2	all	Immediately upon determination by the PM that a program breach has, or will, occur.	Notifies MDA/CAE when PM's Current Estimate falls outside one or more acquisition program baseline (APB) thresholds. Includes Baseline Change Request if necessary. <u>ACAT I:</u> • Deviation thresholds for Dem/Val Phase are determined by the MDA. • Deviation thresholds for EMD and Production are: --cost increase (base year dollars) of: - 15% RDTE - 5% Procurement - 15% Average Unit Procurement Cost; or, -- Schedule delay of greater than 180 days -- Performance of less than the threshold value <u>ACAT II, III, IV:</u> Deviation criteria for APB thresholds are determined by the MDA.	PM	PEO, or as designated	MDA ACAT I: for information to USD (A&T) if not MDA.
Results of Program Deviation Report	10 USC 2435	I	Within 45 days of the PM's submission of a PDR to the CAE.	Provides the results of the intended corrective action.	CAE	CAE	USD (A&T)
Operational Test and Evaluation Reports	10 USC 139 DoDI 5000.2, Part 8	selected ACATs	Prior to the full-rate production decision for ACAT I programs and other OSD T&E Oversight programs.	Provides results of operational test & evaluation to Director, Operational Test and Evaluation (DOT&E).	Component Operational T&E Activity	Commander, Component Operational T&E Activity.	CAE/MDA, DOT&E, PEO or, as designated, and PM.
Development Test and Evaluation Report	DoDI 5000.2, Part 8	all	after completion of developmental testing	Provides results of developmental test and evaluation, as necessary.	Component Developmental T&E Activity	Commander, Component Developmental T&E Activity	CAE, PEO or, as designated, and FM.

Program Oversight Reports and Certifications, continued

REPORT	REQUIRED BY	ACAT	WHEN REQUIRED	PURPOSE OF REPORT	PREPARED BY	APPROVED BY	PROVIDED TO
Beyond Low Rate Initial Production (BLRIP) Report	10 USC 2399	selected ACATs	Prior to proceeding beyond LRIP, i.e., approval for full-rate production.	Provides Congress DOT&E's assessment of adequacy of initial operational test and evaluation, and whether the test results confirm the items or components are effective and suitable for combat.	Director, Operational Test and Evaluation (DOT&E)	DOT&E	Congress, SecDef, Component Heads, DAE, CAE, PEO or as designated, and PM
Summary Operational Test and Evaluation Report	10 USC 139	selected ACATs	annually	For those programs designated for OSD T&E Oversight, provides Congress a summary of OT&E activities of the DoD during the previous fiscal year.	DOT&E	DOT&E	Congress
Live Fire Test and Evaluation (LFT&E) Report	10 USC 2366	selected ACATs	For covered systems, prior to proceeding beyond LRIP, i.e., approval for full-rate production	Provides Congress report on results of LFT&E for covered systems, major missile and munitions programs and covered product improvements.	DOT&E	USD(A&T)	Congress, Component Heads, DAE, CAE, PEO or as designated, and PM
Monthly Status Report	DoDI 5000.2 (pending change)	all	monthly	Provides MDA with information to show that the program is on track; raises issues the PM needs help with, surfaces problems and recommended solutions, reports on results of major activities, e.g., test and evaluation, source selection; and provides the PM's Current Estimate as to where the program stands against the cost, schedule and performance parameters in the approved APB.	PM	PM	MDA, PEO or as designated.

Program Oversight Reports and Certifications, continued

REPORT	REQUIRED BY	ACAT	WHEN REQUIRED	PURPOSE OF REPORT	PREPARED BY	APPROVED BY	PROVIDED TO
Cooperative Research & Development Projects Report	10 USC 2350a	all	annually (not later than 1 March)	Provides Congress with: • a description of status, funding, and schedule of existing cooperative research and development projects for which a Memorandum of Understanding (MOU) or other formal agreement has been entered into; • a description of the purpose, funding and schedule of any proposed new projects included in the President's budget submit to Congress for which a MOU or other formal agreement has not been entered into.	Principal Deputy Asst Secretary (Dual-Use Technology Policy and International Programs (PDASD (DUTP&IP)))	USD(A&T)	Congress
Foreign Comparative Testing Program (FCT) Report	10 USC 2350a(g)	all	annually	Provides Congress information on: • the obligation of any funds for side-by-side testing during previous fiscal year; • equipment, munitions, and technologies manufactured and developed by major allies of the United States that were: - evaluated during the previous fiscal year; - tested and procured during the previous fiscal year.	Director, Test Systems Engineering and Evaluation (DTSE&E)	USD(A&T)	Congress
Business Clearance	FAR 15.8 DFARS 215.8	all	prior to and after contract negotiations	Documents contracting officers predetermined negotiating position prior to the start of negotiations and actual post-negotiation results.	Contracting Officer	HCA, or as delegated	as determined by the Senior Procurement Executive
Multi-Year Procurement Contract Certification	10 USC 2306(h)	all	prior to signing a multi-year procurement contract for any fiscal year.	Certifies to Congress that: • support is fully funded in multi-year procurement contract • production is at or better than minimum production rate. • achieves a savings relative to an annual contracting.	PM	USD(A&T)	Congress

Program Oversight Reports and Certifications, continued

REPORT	REQUIRED BY	ACAT	WHEN REQUIRED	PURPOSE OF REPORT	PREPARED BY	APPROVED BY	PROVIDED TO
Contract Award Announcement	FAR 5.3 DFARS 205.3	all	prior to contract award	announces award of contracts greater than \$5 million.	Contracting Officer	Component Public Affairs Office	Congress, SecDef, Component Head, USD(A&T), CAE, ASD(PA), ASD(LA), Component LA office
Contractor Cost Data Reporting	DoDI 5000.2	all	semiannually	Reports contractor nonrecurring and recurring costs by WBS structure for a contract; reports functional costs for selected WBS structures; and reports unit/lot costs for deliverable equipment, to support the cost estimating data requirements of the DoD.	contractor	contractor	PM
Cost Performance Report or Cost/Schedule Status Report	DoDI 5010.12L	all	monthly	Reports summary contract cost and schedule progress and variance from the contract baseline for making program management decisions	contractor	contractor	PM
Contract Funds Status Report	DoDI 5010.12L	all	quarterly	Reports amount of funds required for completion of the contract.	contractor	contractor	PM

MILESTONE REVIEW DOCUMENTATION

RECOMMENDATION 12

The PAT recommends that managers of programs 6 months or more from a milestone review send a memorandum to their Milestone Decision Authority (MDA) proposing the documentation for the next review. If the MDA does not decide to tailor-in added documentation and inform the program manager within 30 days, approval should be automatic. Managers of programs less than 6 months from the next milestone review will identify (in a proposed Acquisition Decision Memorandum (ADM) the documentation he or she proposes to provide to the MDA for the following milestone.

DISCUSSION

There is need to provide immediate relief to program managers on documentation requirements. This recommendation provides program manager's an opportunity to recommend the set of documents to be provided to the MDA for an upcoming milestone. The latter recommendation is to be institutionalized in a change to DoDI 5000.2.

BARRIER

There may be some reluctance on the part of program manager's to place a "suspense" requirement on their MDA. Actually, the suspense is for the MDA's staff. That staff may be reluctant to see the program manager's point-of-view on documentation. The MDA will have to make the decision. Although this does not eliminate the ability of the MDA to impose additional documentation requirements later on, it does limit the ability of the staff to unilaterally impose requirements beyond those approved in the ADM.

IMPACTS

Advantages

- Provides immediate relief to current, on-going programs.
- Ability to tailor and get early agreement to documentation requirements for the next milestone by the program manager, PEO and MDA.

Disadvantages

- Notwithstanding the 30 days "silence is approval" process, there is some risk that a staffing "do-loop" will be imposed on the program manager.
- The acquisition executives staff may succeed in imposing even more documents and reports than are now required, or a new acquisition executive may decide to change the intent of the previous Acquisition Executive's ADM.

TASK

Task: Provide immediate guidance to tailor milestone documents and publish changes to DoDI 5000.2 to reflect the requirement for the program manager to provide a list of proposed documents required for the following milestone decision in the Acquisition Decision Memorandum.

Responsibility: Director, Acquisition Program Integration, OUSD(A&T). Send attached USD(A&T) memorandum to Component Acquisition Executives for immediate compliance, and to Director, API for changes to DoDI 5000.2.

Schedule: Guidance: Within 30 days of the Secretary's approval of the PAT's recommendation.
Publish changes: Within 120 days of approval of the recommendation.

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
COMPTROLLER OF THE DEPARTMENT OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF
DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF
DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR OF ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Milestone Review Documents

Pending changes to DoD Instruction 5000.2, the following guidance for determining documentation required for milestone reviews of acquisition programs is to be implemented immediately:

- Program Managers of programs six months or more from the next scheduled milestone review will each provide a recommendation to the milestone decision authority of those documents that the program manager intends to provide for that review. Milestone decision authorities will respond to the program manager within 30 days of receipt of the program manager's recommendation, or approval is automatic, and program managers will proceed accordingly.

- Program Managers of programs less than six months from the next scheduled milestone review will provide the documentation for that review as required by DoD Instruction 5000.2, or as tailored/modified by the milestone decision authority. However, the program manager will provide a recommendation for documents to be provided for the following milestone, and the milestone decision authority will decide which documents are appropriate based on the program manager's recommendation. The acquisition decision memorandum for the next phase will list the required documentation.

The ultimate goal is to reduce the documents required for milestone reviews to only those absolutely necessary to provide the minimum information for the milestone decision authority to make the required decision. DoDI 5000.2 will be changed to reflect this policy.

signed/USD(A&T)

OPTIONAL FORMATS AND DOCUMENTS

RECOMMENDATION 13

The PAT recommends that the DAE adopt the format we have constructed for the Integrated Program Summary and its annex. He should declare as optional both the documents and the formats contained in DoD 5000.2M, Defense Acquisition Management Documentation and Reports (excepting those with inflexible statutory requirements).

DISCUSSION

Although the PAT decided that the format and contents of documents described in DoD 5000.2-M should be made optional for use, consistent with the PAT's view that there is no standard "one size fits all" document. Statutory documents for which formats are included in DoD 5000.2-M are: Acquisition Program Baseline (APB), Environmental Analysis (annex F, Integrated Program Summary), Cooperative Opportunities Document (annex G, Integrated Program Summary), Low Rate Initial Production Report for Naval Vessels and Satellites, Independent Cost Estimate, Unit Cost Exception Report (Defense Acquisition Executive Summary Sections 6 & 7), Program Deviation Report, Test and Evaluation Master Plan, Selected Acquisition Report, and Multi-Year Contract Certification.

The PAT also decided to provide illustrative formats for the Integrated Program Summary and APB. The Integrated Program Summary provides answers to questions for milestone reviews and the APB identifies risk areas normally covered by exit criteria. Final format and content are to be worked out between the program manager and the MDA for each program. These formats are to be used pending revision of DoDI 5000.2.

DoD 5000.2-M also provides guidance on the statutory requirements to obtain a waiver for live fire Test and Evaluation, which the PAT recommends be included in the Acquisition Strategy Report (ASR) prior to the EMD decision.

BARRIER

Of particular concern will be the elimination of "exit criteria," which has been replaced with a more robust use of the APB for exactly the same purpose. Another area of contention will be the content of the APB, which on balance has been reduced through elimination of "minimum" schedule dates.

IMPACTS

Advantages

- More realistic display of information needed in a single milestone decision document.
- Streamlined format for APB.
- Elimination of exit criteria as separate, unique parameter(s).

- Supports a realistic use of the baseline thresholds and technical performance measurement techniques to measure program progress toward achievement of critical parameters agreed to by the program manager, PEO, User, and Milestone Decision Authority.

Disadvantages

- Summary level information in the IPS may not stand on its own; supplementation may be required.
- A more robust use of the APB to closely monitor the results of testing and other activities to measure progress toward achievement of thresholds may result in additional and earlier breaches; particularly, if other than truly critical cost, schedule, or performance parameters are included in the baseline. Further, some program manager's and MDA's may not be able to determine the right critical parameters to be measured during any given phase.

TASK

Task: Provide illustrative formats for the IPS and its annexes. Make the formats, except for statutory documents, prescribed by DoD 5000.2-M optional for all programs.

Responsibility: Director, Acquisition Program Integration, OUSD(A&T). Send attached USD(A) memorandum to Component Acquisition Executives, with IPS formats attached for immediate use.

Schedule: Provide formats within 30 days of the Secretary's approval of the PAT's recommendation.

Change DoD 5000.2-M within 120 days of approval of recommendation.

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
COMPTROLLER OF THE DEPARTMENT OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF
DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF
DEFENSE
DIRECTOR , OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR OF ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Defense Acquisition Management Documentation and Reports

Effectively immediately the formats for acquisition management documentation and reports prescribed by DoD 5000.2-M, Defense Acquisition Management Documentation and Reports, are considered optional for use, except for the following information based on statutory requirements:

- Environmental Analysis
- Cooperative Opportunities Document
- LRIP Report for Naval Vessels and Satellites
- Independent Cost Estimate
- Unit Cost Exception Report (portions of DAES Sections 6 and 7)
- Program Deviation Report
- Test and Evaluation Master Plan
- Selected Acquisition Report
- Multi-Year Contract Certification

The attached formats for the Integrated Program Summary with three annexes, Program Structure, the Acquisition Program Baseline, and the proposed Acquisition Decision Memorandum (ADM), will be used until the next revision of DoDI 5000.2.

signed USD(A&T)

attachments

INTEGRATED PROGRAM SUMMARY (Format)

FOR

PROGRAM TITLE

(Cover Sheet - Section 1)

1-1. Decision Requested. Summarize the decision(s) to be made by the milestone decision authority (MDA) at the milestone review.

1-2. Program Description. Provide a brief description of the program. This description should be consistent with the description used in the Selected Acquisition Report (SAR). Reference the approved Mission Need Statement (MNS) and the approved Operational Requirements Document (ORD), and describe how the program supports the requirement.

Acquisition Category: _____ Program Element: _____ Project Number: _____

PREPARED BY: _____ DATE _____
(Program Manager)

APPROVED BY: _____ DATE _____
(Program Executive Officer/designated Component official)

CONCURRENCE: _____ DATE _____
User (VCJCS for ACAT I)
(Svc Chief/Agency Head or designated official for others)

Note: Use this cover sheet to forward the Integrated Program Summary (IPS) to the milestone decision authority; a forwarding letter/memorandum is not required. This IPS is required at milestones B, C, and others designated by the MDA. It is not required at milestone A, mission need approval.

INTEGRATED PROGRAM SUMMARY (Format)

For

Program Title

Executive Summary (Section 2)

2-1. Program Execution Status.

a. For all milestones.

(1) Describe how the program is proceeding in accordance with the approved baseline thresholds and objectives. Specifically address progress toward the approved acquisition program baseline (APB) cost, schedule and performance thresholds/objectives as measured during previous phase. Provide the Current Estimate of achievement of APB thresholds.

(2) Summarize any subsequent guidance received since last milestone and action taken, to include program/budget decisions, and any congressional actions.

(3) For the most promising alternative (at early milestones), or for the approved program, summarize the current Program Office Estimate (POE) for the program life-cycle cost.

(4) Summarize major cost, schedule and performance trade-offs made during the previous phase and to be made during the next phase.

(5) Discuss the relationships among acquisition phases, milestones, solicitation release, contract award, design reviews, contract deliveries, test and evaluation, deliveries of engineering development models (when applicable), production deliveries, concurrency and phase transitions. The Program Structure Chart (annex A) should provide an illustration of this discussion.

(6) Provide program funding status relative to prior years, current budget, Future Years Defense Program, and funding required for program completion. Highlight obligation status for prior and current year funding.

b. For Milestone B, Program Initiation.

(1) If the decision is for Demonstration and Validation (Dem/Val):

(a) Discuss the results of the Concept Exploration (CE) phase, to include any advanced technology demonstrations (ATD), or advanced concept technology demonstrations (ACTD) conducted (or still ongoing) to evaluate alternatives to the need described in the MNS.

(b) If a new developmental effort is proposed, discuss why use of an existing US or allied system (to include commercial systems), or a product improvement of an existing system was not

selected. Identify commercial products and/or existing military systems or components that will be evaluated during the next phase.

(c) Provide a summary of the proposed competitive prototyping strategy or a summary of why competitive prototyping will not be pursued. Reference the proposed, or approved, acquisition strategy report (ASR).

(d) If a Demonstration and Validation decision is requested for major modification(s) to an existing system, summarize significant deficiencies that support the requirement for the major modification.

2. If the decision is for Engineering and Manufacturing Development (EMD):

(a) If there was a Demonstration and Validation Phase, describe the results of test and evaluation conducted during that phase. If there was a competitive prototyping strategy, summarize the results.

(b) If Demonstration and Validation was not conducted, discuss alternatives considered, rejected alternatives and reasons for their non-selection.

(c) Summarize requirements for any new or continued demonstration and validation design or technical trade-offs that will be carried forward into EMD. Highlight the intended use of commercial products or other non-developmental components/subsystems.

(d) If a waiver was approved for less than full-up live fire test and evaluation (LFT&E) (covered systems only), summarize the approach proposed, or approved, in the ASR for LFT&E, and summarize the Secretary's certification to Congress.

(e) If EMD is to include a low rate initial production (LRIP) phase, provide the recommended quantity for LRIP, the recommended quantity for IOT&E (if applicable), any requirement for procurement long-lead funding to support LRIP, and the supporting analysis.

(f) When an EMD decision is requested for development of a major modification, summarize significant deficiencies of the current system that support the requirement for the major modification.

c. For Milestone C, Production Decision. Describe program progress since last milestone, including contract performance and results of test and evaluation. Highlight major test and evaluation issues.

2-2. Alternatives Assessed and Results. For the program initiation decision (Demonstration and Validation/Engineering and Manufacturing Development as appropriate):

a. Describe alternatives considered, discuss rejected alternatives and reasons for non-selection.

b. If a cost and operational effectiveness analysis was conducted, summarize the results.

c. Summarize the cost, schedule, and performance (to include supportability) assessment of the most promising alternative.

2-3. Affordability Assessment. Summarize the affordability assessment provided by the Joint Component staff. Does the acquisition strategy for this new start, or ongoing program fit within the top line Defense Planning Guidance/National Military Strategy and the Component's long range investment and modernization plan? If not, discuss the alternative strategies and/or adjustments to the FYDP that would have to be made to fit the program within the top line guidance.

2-4. Threat Highlights/Existing System Shortfalls.

a. Summarize the threat environment.

b. Discuss key intelligence issues from the approved System Threat Assessment Report (STAR) for ACAT I programs, or from the Component Threat Assessment for non-major defense acquisition programs.

c. Describe inadequacies of the existing system or capability in light of the threat.

d. Describe the hostile intelligence threat, and address how the program will be protected from that threat.

2-5. Acquisition Strategy. Summarize the procurement strategy proposed (or approved) for the program as stated in the Acquisition Strategy Report (ASR). Include contract type, schedule for key contracting events leading to contract award for the next phase, and/or other major contracts, and plan for competition.

2-6. Risk Assessment and Plans to Reduce Risk. Summarize the known or potential cost, schedule, and performance risks due to the threat, technology, design and engineering, support, and manufacturing. Identify the system component(s) or subsystem(s) most directly affected, and the ongoing or planned risk reduction efforts being undertaken to handle the risks.

2-7. Program Environmental Analysis. Summarize the results of the Program Environmental Analysis, highlight environmental risks, measures taken to mitigate those risks, and life cycle costs associated with environmental compliance.

2-8. Cooperative Opportunities. Summarize the approved Cooperative Opportunities Document (COD), to include information on similar projects (if any) in production or development by one or more allies that could satisfy the requirement/need, and the conclusion reached by the international staff as to whether the US should/should not seek to establish, or to further explore the feasibility of, an international agreement leading to a cooperative effort.

2-9. Recommendations. Any changes to the previously approved acquisition strategy, and/or major cost, schedule and performance trade-offs to be made by the milestone decision authority (MDA). Identify any issues that require resolution by the MDA or higher authority.

ANNEXES:

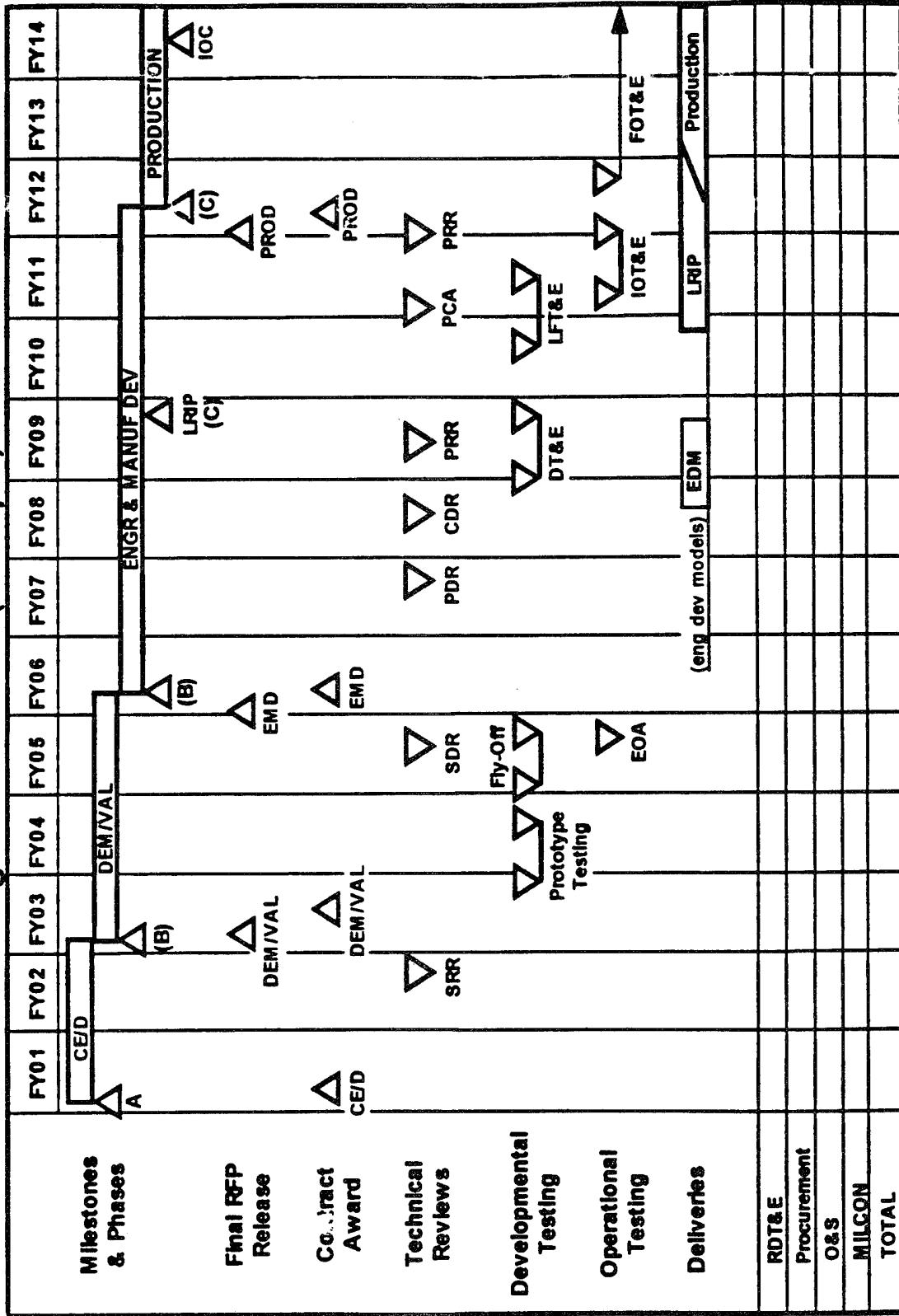
Annex A, Program Structure

Annex B, Acquisition Program Baseline

Annex C, Proposed Acquisition Decision Memorandum

Annex A, Program Structure

Program Structure (Example)



A-1

Annex B, Acquisition Program Baseline

CLASSIFICATION

ACQUISITION PROGRAM BASELINE AGREEMENT

_____ Program

(example)

With the objective of enhancing program stability and controlling cost growth, we, the undersigned, approve this baseline document. Our intent is that the program be managed within the programmatic cost, schedule, and performance constraints identified. We agree to support the required funding for the program in the Planning, Programming, and Budgeting System (PPBS)

This acquisition program baseline document is a summary and does not provide all the detailed program requirements or content. It does, however, contain key cost, schedule and performance parameters that are the basis for satisfying a mission need. As long as this program is being managed within the framework established by this baseline, in-phase reviews will not be held.

_____ Date _____
Program Manager

_____ Date _____
Program Executive Officer

_____ Date _____
Component Acquisition Executive

_____ Date _____
User (VCJCS for ACAT I programs; Service Chief /
Agency Head or as designated for ACAT II, III, and IV programs)

_____ Date _____
Under Secretary of Defense (Acquisition and Technology)
(if appropriate)

Classified by:

Declassify on:

CLASSIFICATION

B-1

CLASSIFICATION

PROGRAM
ACQUISITION PROGRAM BASELINE
(example)

REFERENCE: Operational Requirements Document dated _____.

(Enter information below in tabular form. Objectives and thresholds must be entered, even though they both may be the same parameter)

SECTION A: PERFORMANCE

CONCEPT BASELINE	DEVELOPMENT BASELINE	PRODUCTION BASELINE
Dem/Val approval date	EMD Approval date	Production approval date
<u>Objective/Threshold</u>	<u>Objective/Threshold</u>	<u>Objective/Threshold</u>

(The parameters for performance thresholds and objectives are derived from two sources, 1. The Operational Requirements Document (key performance parameters validated by the JROC for ACAT I programs, by the Service Chief/Agency Head or as designated for ACAT II, III, and IV programs). 2. Other critical performance parameters chosen by the PM, and agreed to by the PEO, MDA and user, that are driven by the technical risk areas specific to the program. The following are illustrative examples only)

Hit/kill probability
Rate of fire
Accuracy
Lethality
Survivability
Speed
Altitude
Range
Payload
Mission time/radius
Loiter time
Availability
Reliability
Maintainability
Transportability
Crew Size

CLASSIFICATION

B-2

CLASSIFICATION

PROGRAM
ACQUISITION PROGRAM BASELINE
(example)

SECTION B. SCHEDULE (dates). The schedule threshold is the objective (scheduled) date plus 6 months. Date will be rounded to the nearest next month.

CONCEPT BASELINE	DEVELOPMENT BASELINE	PRODUCTION BASELINE
Dem/Val approval date	EMD Approval date	Production approval date
<u>Objective/Threshold</u>	<u>Objective/Threshold</u>	<u>Objective/Threshold</u>

(Baselined dates will be agreed to between the PM, PEO, MDA and User. There is no standard set of dates for all programs and the following are illustrative of dates that may be important to some programs)

Milestone decisions
Contract award
Completion of design reviews
Test (OT, DT, FOT&E) start and end dates
Release date(s) for long lead funding
First flight
First Unit Equipped (FUE)
Initial Operational Capability (IOC)
Full Operational Capability (FOC)

CLASSIFICATION

B-3

CLASSIFICATION

PROGRAM
ACQUISITION PROGRAM BASELINE
(example)

SECTION C. COST. Cost objectives and thresholds are determined as follows:

For ACAT I programs, Base Year \$:

- RDT&E threshold is the objective plus fifteen (15) percent.
- Procurement threshold is the objective plus five (5) percent.
- Average unit procurement cost threshold is the objective plus fifteen (15) percent.

For ACAT II, III and IV programs: Cost difference between objectives and thresholds are to be determined by the PM and concurred with by the PEO/MDA.

All ACATs

- Then Year \$- objective (life cycle cost estimate) for information only (no threshold).
- Average Unit Procurement Cost is total base year procurement cost divided by total procurement quantity, based on xx/month procurement quantity.
- Total procurement quantities and MILCON shown for information only, objectives and thresholds do not apply).

CONCEPT BASELINE	DEVELOPMENT BASELINE	PRODUCTION BASELINE
Dem/Val approval date	EMD approval date	Production approval date
<u>Objective/Threshold</u>	<u>Objective/Threshold</u>	<u>Objective/Threshold</u>

Base Year \$ (FYxx):

Total RDT&E

Total Procurement Cost

Then Year \$ (Info only, no threshold applies)

Total RDT&E

Total Procurement Cost

Total MILCON

Average Unit Procurement Cost \$ (FYxx) (based on xx/month procurement quantity):

Total Procurement Quantities

CLASSIFICATION

B-4

ACQUISITION DECISION MEMORANDUM
(example)

Date

MEMORANDUM FOR (AS APPROPRIATE)

I approve __ (name) _____ program for entry into (phase, as appropriate).

(or)

I approve __ (name) _____ program for entry into (phase, as appropriate) subject to the following.....

The following documents will be prepared and submitted for the next milestone review:

(list documents)

(signed)
(milestone decision authority)

STATUTORY REPORTING REQUIREMENTS

RECOMMENDATION 14

The PAT recommends that the Secretary of Defense direct a comprehensive programmatic and legal review of all statutory documents, reports and certifications and recommend appropriate changes to Congress. The goal should be to reduce the required documentation overall to only those documents that are necessary for managing programs.

DISCUSSION

The PAT's ability to recommend streamlining of documentation and reporting requirements was hindered by the numerous documents and reports required by Congress. Most of these documentation requirements were generated during the early-to-mid 1980's as a result of perceived problems with the procurement system, and the desires of Congress to ensure maximum competition for dollars in a growing defense budget. Since that time, the acquisition workforce has become more professional, through increased experience, education, and training driven by the Defense Acquisition Workforce Improvement Act. Congress has slowly provided some relief over the years by elimination of selected reports and waivers, such as the Manpower Estimate Report, and the Competitive Strategy Prototyping waiver. However, some requirements have been increased, such as the new requirement to initiate the program baseline for ACAT I programs at demonstration/validation (Section 3005, Federal Acquisition Streamlining Act of 1994). The DoD should recommend to the Congress appropriate documents and reports to be either eliminated or streamlined.

BARRIER

Congress may be reluctant to relax documentation and required reports. Further, although the new Congress may have some good ideas on streamlining and reducing the federal government, these good ideas are not new.

IMPACTS

Advantage

- Timing for change in documentation and reporting requirements is good. The last Congress did pass some streamlining measures in the Federal Acquisition Streamlining Act of 1994, albeit mostly in the area of procurement, not acquisition program oversight.

Disadvantage

- Previous attempts have not been very successful.

TASK

Task: The USD(A&T) should establish a process action team to review current statutory documents with a goal to recommend changes in a legislative package for OMB approval that would essentially reduce the required reports to Congress to one, a streamlined SAR.

Responsibility: The USD(A&T).

Schedule: Within 60 days of the Secretary's approval of the PAT's recommendation.

REDUCTION OF COMPONENT SPECIFIC DOCUMENTATION

RECOMMENDATION 15

The PAT recommends that the CAEs review the unique documentation imposed on defense acquisition programs by their Component or sub-Components. These Executives should eliminate all Component-unique documents and reports unless they satisfy requirements that none of the required documents satisfy.

DISCUSSION

In addition to the documents, reports, and certifications required by OSD and Congress, the PAT identified other documentation requirements within the military departments. The PAT determined that the Army has about 17 documents and the Air Force has about 5 documents in addition to those prescribed by DoDI 5000.2. The PAT was unable to determine the number of unique documents within the Navy.

BARRIER

Each DoD component has unique documentation requirements that have developed to satisfy their particular needs. These documents have well established constituencies within the Component Headquarters staffs, and within some of the using and acquisition commands. The supporters of these documents will be reluctant to make any changes.

IMPACTS

Advantages

- Will require the CAE's to scrub internal documentation to resolve duplications and to streamline, revise, or delete unnecessary requirements.
- Will provide visibility for the CAE to these unique documentation requirements.

Disadvantage

- Some documents may be eliminated that are truly required due to requirement differences between the components.

TASK

Task: Review and streamline Component unique documentation requirements.

Responsibility: USD(A&T) and Acquisition Executives of the Army, Navy, Air Force, Special Operations Command, and the Defense Agencies. The USD(A&T), Director of Acquisition Integration should send the attached memorandum for immediate implementation.

Schedule: Memorandum to CAE's within 30 days of the Secretary's approval of the PAT's recommendation. Response of CAE's to USD(A&T) within 60 days of the date of the memo.

draft memo, implementation of documentation recommendation 15

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
COMPTROLLER OF THE DEPARTMENT OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF
DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF
DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR OF ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Component Acquisition Management Documentation and Reports

The Secretary's Oversight and Review Process Action Team (PAT) recently completed their report and made a number of recommendations for streamlining the documents required by the Office of the Secretary of Defense for review and oversight of the acquisition process. In the course of its review, the PAT determined that there were also documents imposed on the oversight and review process by the Components.

Request the Component Acquisition Executives review all documentation imposed on acquisition programs by the Component Headquarters and their acquisition commands. Each document or report should be reviewed and retained only if fully justified as value added to the program or the Component.

I expect that this review will be concluded within 60 days, and that the CAE's will furnish me with a detailed list of Component unique documentation, and the justification for imposing those documents on the system, to include the value added of each document to the oversight and review process.

signed USD(A&T)

AFFORDABILITY DETERMINATIONS

RECOMMENDATION 16

The PAT recommends that the Defense Resources Board adopt, for ACAT I programs, the affordability process the report describes. This process would apply at program Milestones as well as during budget and bill paying phases.

DISCUSSION

DoDI 5000.2 requires an affordability assessment in conjunction with a milestone review. The process consists largely of establishing that there is a plausible wedge in the DoD's Future Years Defense Program into which the program could fit. However, the process is decoupled from the Planning Programming and Budgeting System and reflects component, vice joint, warfighting priorities. The recommendation suggests a collaborative structure in which decisions are made at the appropriate level based on input from officials which are better aligned with their accountability and expertise.

BARRIERS

- The recommendation depends on the Joint Requirements Oversight Council, acting as a representative of the Chairman Joint Chiefs of Staff, to resolve interservice disputes and make timely, unambiguous decisions on program priorities.
- The DAE must accept a role in which he provides options and information to the Chairman Joint Chiefs of Staff, rather than offering his own view on acquisition program priorities.
- The Comptroller must accept a role as executor of budget decisions rather than initiator of them.

IMPACTS

Advantages

- Priorities established by joint warfighting community.
- Decision process made more timely and robust.

Disadvantages

- Individuals in power positions must cede some power.
- Staffers must accept legitimacy of providing services to other organization, rather than supporting their own organization.
- Components may perceive further erosion of power.

TASK

Task: The Secretary of Defense directing policy change.

Responsibility: The Director of PA&E(OSD) will prepare and staff the memorandum.

Schedule: Within 90 days after the Secretary approves the PAT's recommendation.

COST/SCHEDULE/PERFORMANCE TRADE-OFFS

RECOMMENDATION 17

The PAT recommends that the DAE institutionalize a formal requirements review process for each ACAT I development program. This review (which we call a "Summit" review) would consist of formal presentations by the program manager to flag-level user representatives at least biennially during development. The presentation would highlight new opportunities for cost, schedule and performance trade-offs. If the users decide to take advantage of these opportunities, the program and the requirement would be adjusted to reflect the change. The DAE should encourage the Service Chiefs to implement Summit reviews for other ACAT programs.

DISCUSSION

Summits are senior-level reviews held on ACAT I programs to affirm the operating command's stated needs and requirements, to ensure technical solutions under development continue to meet the operating command's objectives, and to verify the emerging weapon system remains capable against the latest projected enemy threat. Summits would not be held for programs within 12 months of a Milestone C review.

Membership will consist of the CAE, Commanders-in-Chief of the unified or specified commands destined to operate the new or modified system; commanders of the operating, implementing and supporting commands; Component-level test, operations, intelligence, logistics, and plans organizations; the PEO and program manager. For joint programs, representatives from each participating Component should participate.

BARRIER

The idea of a requirements review may be incorrectly perceived as a source of instability for the program.

IMPACTS

Advantages

- Enables the senior leadership to review program progress against the requirement and make real-time, informed decisions on the importance of pursuing currently unattained performance requirements versus the cost to obtain that required performance.
- Assists senior leadership with affordability decisions.
- Informs user of technology developments that could, at reasonable cost and schedule, improve system performance.
- Assists user in formulating answers to critical questions for upcoming Milestone reviews (Is the user satisfied? Is the solution appropriate? Is it affordable?)

Disadvantage

- The proclivity to open issues during a Summit not related to cost/performance tradeoffs may interfere with the purpose of the Summit.

TASK

Task: The USD(A&T) issue implementation guidance to CAEs/Service Chiefs.

Responsibility: CAEs/Service Chiefs.

Schedule: Guidance issued within 30 days of the Secretary's approval of the PAT's recommendation. Each CAE and Service Chief will coordinate a schedule to ensure all ACAT I development programs are scheduled for a Summit Review within the next 15 months, with subsequent reviews scheduled for each program biennially. Programs within 12 months of a Milestone C decision will not undergo a Summit.

CONTRACTOR OVERSIGHT

RECOMMENDATION 18

The PAT recommends that Program offices should use in-plant Defense Contract Management Command or Supervisor of Shipbuilding personnel as the source for routine status information and avoid duplicating work that in-plant representatives do. Defense Contract Management Command's program office independent assessing and reporting of contractor performance should immediately stop.

DISCUSSION

The large numbers of functional personnel in program offices and the natural reluctance of program managers to rely on outside agencies for information on their programs contribute to excessive and overlapping oversight of contractors. Contractors often have representatives from several different Government agencies in-plant at any given time. This can and does lead to micromanagement, conflicting direction or advice and requirements creep. As evidenced by requests for equitable adjustment and claims, the contractors sometimes receive so much technical direction from government representatives that they are no longer totally accountable for contract performance.

Excessive visits by Government personnel to contractor facilities, for whatever justifiable reasons, also increase contractor costs. The purpose of this recommendation is to vest day-to-day contractor oversight responsibility with one agency, whose primary focus is program office support. The extent of Government oversight would be determined by the demonstrated past performance of the contractor. On-time, within-cost, quality contractors would have significantly reduced levels of in-plant surveillance. Likewise, for low-risk, largely commercial programs, contractor oversight would be significantly reduced. The level of oversight would be determined jointly by the Defense Contract Management Command and the program office.

BARRIER

Program managers may be reluctant to divest themselves of a major role in contractor oversight and place greater trust in contractors to perform, as well as greater trust in Defense Contract Management Command offices to represent them.

IMPACTS

Advantages

- Reduced program office manning and associated direct costs.
- Reduced Defense Contract Management Command manning for contractors who perform well.
- One face to industry, reduced opportunity for conflicting direction.
- Less potential for contractor claims due to Government interference/direction.

- Reduced costs for contractors—less time spent interfacing with Government visitors/oversight personnel.
- Enhanced teamwork between Government and industry.

Disadvantages

- Workforce turbulence.
- Near-term need to change skill-mix of in-plant representatives.

TASKS

Task 1: Develop a USD(A&T) policy memorandum establishing policy on contractor oversight.

Responsibility: The USD(Acquisition Reform) should prepare and staff the policy memorandum.

Schedule: Within 30 days of the Secretary's approval of the PAT's recommendation.

Task 2: Develop implementation guidance in DoDI 5000.2 and elsewhere, to include specific roles and missions of Defense Contract Management Command.

Responsibility: The USD(A&T).

Schedule: Within 90 days of the Secretary's approval of the recommendation.

Task 3: Identify training requirements for Defense Contract Management Command personnel, including Defense Systems Management College courses for Defense Contract Management Command Program Integrators.

Responsibility: The Defense Contract Management Command provides a request for training quotas to the DUSD(Acquisition Reform).

Schedule: Within 120 days of recommendation approval.

CONTRACTOR PAST PERFORMANCE

RECOMMENDATION 19

The PAT recommends that the DAE direct that contractor past performance be elevated to a dominant factor in all source selections by not later than July 1, 1995. In rare instances where this may be inappropriate to elevate past performance to a dominant factor, the C&E can approve a waiver.

DISCUSSION

The oversight relationship of the Government to industry depends highly on the capabilities of the contractor, and there is a potential for significant resource savings if business is shifted to contractors who have demonstrated superior performance. Our ability to use past performance has been in the Federal Acquisition Regulation for some time and was recently strengthened by the Federal Acquisition Streamlining Act of 1994. However, use of past performance as a dominant factor is not yet as widespread as it should be, nor is there a uniform method of measuring and documenting performance.

BARRIER

Some within DoD may be reluctant to fully exploit the authority which already exists to elevate the importance of past performance. Increased emphasis on past performance may also be viewed as restricting competition.

IMPACTS

Advantages

- Better products delivered cheaper and quicker as business shifts to high-performance organizations.
- Potentially significant reduction in resources expended looking over contractors' shoulders, as quality oversight can supplant rote inspecting.
- Long-term increase in competitiveness of US industry.
- Enhanced teamwork between Government and industry.

Disadvantages

- Near-term increase in protest risk and litigation.
- Near-term costs associated with communicating intent with Congress and industry.
- Small, disadvantaged businesses may perceive themselves at a major disadvantage.

TASKS

Task 1: The USD(A&T) establish policy that elevates past contractor performance to a dominant factor in competitive awards.

Responsibility: The Director, Defense Procurement should staff the policy memorandum.

Schedule: Policy issued within 30 days of the Secretary's approval of the PAT's recommendation.

Task 2: Review existing regulatory guidance (DoDI 5000.2, Federal Acquisition Regulation and elsewhere) and change as necessary to provide program managers and contracting officers the regulatory guidance they need. Include in the revised policy a more explicit role for Defense Contract Management Command and the Supervisor of Ship Building, Conversion and Repair in the source selection process.

Responsibility: The Director, Defense Procurement should lead a joint Component/Defense Contract Management Command working group.

Schedule: Working group recommendations due to USD(A&T) within 180 days from the Secretary's approval of the PAT's recommendation.

Task 3: Establish a new single DoD-wide system for evaluating and documenting contractor performance.

Responsibility: Director, Defense Procurement

Schedule: Complete action within 180 days of the Secretary's approval of this recommendation.

CONTRACTOR SELF-GOVERNANCE

RECOMMENDATION 20

The PAT recommends that, when a contractor has demonstrated that he can perform to his contracts, the Government should adopt commercial practices by relying almost exclusively on contractor self-governance rather than on Government inspectors, auditors and compliance monitors.

DISCUSSION

Though often lost in the news headlines, contractors have shown they can be empowered to self-govern with a drastic reduction in Government oversight. The Federal Aviation Agency, for example, relies on contractor employees whom they certify as designated engineering representatives to ensure compliance with design, quality assurance and airworthiness requirements. The Army Material Command has established and implemented a Contractor Performance Certification Plan to recognize quality contractor processes and reduce the extent of government oversight and inspections.

Many corporations manage to maintain credible accounting systems (and viable pricing procedures) through the occasional use of outside auditors and consultants rather than permanent independent staff who reside in their facilities. The Government should consider empowering selected, quality contractors to "inspect" or "certify" products/processes/systems on behalf of the Government. These contractor employees would be licensed or certified by the Government and randomly monitored by Defense Contract Management Command and Defense Contract Audit Agency to ensure high standards of performance are maintained and compliance with current regulations/directives is ensured.

BARRIER

The Government is reluctant to empower contractors and divest itself from the role of inspector. A perception lingers within the executive branch or the Congress of a higher risk of fraud.

IMPACTS

Advantages

- Reduction in Government personnel and travel costs.
- Places total responsibility for design and performance on contractors.
- More incentive for contractors to be quality performers.

Disadvantage

- Almost certain criticism by Congress and the press should a contractor not perform as expected or commit fraud.

TASK

Task: Develop certification processes similar to the Army Materiel Command's Contractor Performance Certification Program and the Federal Aviation Agency designated engineering representatives for critical defense acquisition specialties (engineering, cost accounting, quality assurance, etc.).

Responsibility: The Defense Contract Management Command.

Schedule: Certification process defined within 6 months of the date of The Secretary's approval of the PAT's recommendation.

PROGRAM MANAGEMENT CHAIN

RECOMMENDATION 21

The PAT recommends that all acquisition programs, regardless of ACAT classification, be aligned in the program manager-PEO-CAE chain, wherein the PEO is a full-time acquisition manager and reports directly to and receives guidance from the CAE.

DISCUSSION

Currently, some program managers for less-than-ACAT I programs do not report to PEOs; they report to Acquisition Support Commanders (ASCs). ASCs responsibilities exceed that of PEOs since these commanders have responsibilities other than acquisition matters. Their accessibility by program managers is limited. ASCs report through two chains of command. These chains involve separate oversight and review processes but only one of these chains of command has the authority and responsibility to conduct oversight and review of system acquisitions. The ASCs report to the CAE for acquisition matters to include oversight and review. ASCs for the Air Force and Army report to the Materiel Commands for all other operational matters such as depot and maintenance facility operations. In this role, the Materiel Commands tend to insert their authority over their ASCs and provide additional oversight and review of acquisition systems effectively inserting an additional layer of management in the acquisition process.

Realigning all acquisition programs under PEOs provides a clear, simplified chain of command for all acquisition matters. The Navy's System Commands are presently aligned in this manner and have effectively established an acquisition organization that encompasses this streamlined reporting process.

This recommendation implies that ASCs and Materiel Commands will not need to impose any reporting or documentation requirements on programs managed in the PEO-CAE chain of command. Any additional reporting requirements levied on PEO-managed programs by anyone outside of the program manager-PEO-CAE chain will require approval by the CAE.

BARRIER

Materiel Commands and their subordinate commanders will be reluctant to surrender management control over the acquisition programs under their purview. They will also resist the loss of acquisition program funds presently under their control.

IMPACTS

Advantage

- Streamlines the reporting chain of command for all programs and adds consistency in oversight and review. It will allow lower ACAT programs to be aligned organizationally more directly with higher ACAT programs they support.
- Enhances guidance and mentoring of less experienced program managers by full-time acquisition managers.

Disadvantage

- Will require the creation of some additional PEOs and realignment of lower ACAT program funds.

TASK

Task: The USD(A&T) will chair a working group of the CAEs and ASCs to develop implementing directives and guidelines to align all programs in the program manager-PEO-CAE chain of command.

Responsibility: The USD(A&T) will be the office of primary responsibility to staff the directive.

Schedule: The implementing directives will be prepared within 90 days of the Secretary's approval of the PAT's recommendation.

DEPUTY ACQUISITION EXECUTIVES.

RECOMMENDATION 22

The PAT recommends that the DAE and each CAE have a civilian deputy who is career civil service at the Senior Executive Service level and who has extensive acquisition experience, ideally as a PEO or an ACAT I program manager.

DISCUSSION

The DAE and the CAEs normally serve relatively short tours of duty, and the confirmation process can cause the job to remain vacant for extended periods of time. This contributes to a lack of continuity at the senior levels of the acquisition process, and extensive reliance on functional staffs. These officials also have a very heavy workload in addition to their Milestone Decision Authority responsibilities. The PAT believes that having a career, Senior Executive Service Deputy for Acquisition Management assist the Acquisition Executives would help alleviate the continuity and workload problems inherent with these positions.

The Deputy's principal duties should include:

- Performing the DAE/CAE's review and oversight-related duties during the DAE/CAE's absence.
- Integrating the functional perspectives of the OSD and Component staffs.

BARRIER

Lack of Senior Executive Service billets; Components may be unwilling to dedicate an existing Senior Executive Service billet, or create a new one, for the Deputy position.

IMPACTS

Advantages

- Ensures DAE/CAE has a permanent deputy with strong acquisition experience who can act as an integrator of functional perspectives from DAE/CAE staffs.
- Provides continuity and stability at the most senior management levels of the acquisition community, where tenure has been historically short.
- Reduces the need for large staffs to fill the gap while new Acquisition Executive's become familiar with the Defense acquisition process.

Disadvantages

- There are no guarantees that a new politically appointed Acquisition Executive will retain the deputy or that the deputy will choose to stay on a "permanent" basis.
- Potential conflict between the new Deputy for Acquisition Management and the Principal Deputy USD(A&T).

- Few civilian ACAT I program managers or PEOs to choose from.

TASK

Task: The Deputy Secretary of Defense should direct the DAE and each CAE to designate a Deputy for Acquisition Management who shall assist the DAE/CAE in the oversight and review of Defense Acquisition Programs. This individual shall be a career, Senior Executive Service-level official with extensive Defense acquisition experience, ideally as a PEO or an ACAT I program manager. To achieve the desired continuity, each deputy should intend to remain in the position for an extended period of time.

Responsibility: The Deputy Secretary of Defense issue implementing memorandum;
DAE and CAEs established positions and recruit

Schedule: Issue implementation direction within 30 days of the Secretary's approval of the PAT's recommendation.

ACQUISITION WORKFORCE INCENTIVES

RECOMMENDATION 23

The PAT recommends that the DAE investigate the potential incentives for persons holding critical acquisition positions including opportunity for promotion in place, exemption from selective early retirement (for military) and use of excepted service and accompanying financial incentives (for civilians).

DISCUSSION

The premise that to improve effectiveness the oversight and review process should demand accountability, promote flexibility and encourage innovation, has led the PAT to focus on the experience and qualifications of program managers and PEOs. Our recommendations have assumed that a high level of confidence can be placed on the program manager/PEOs. However, this confidence cannot simply be awarded to program managers, they must prove themselves through various methods. We cannot, however, demand these higher qualifications without providing real incentives for them. Use of the excepted service authority for critical acquisition positions will provide an incentive for the most qualified people to obtain the necessary training and experience to qualify for selected acquisition positions. The excepted service could make it easier to recruit and retain employees in these critical positions. The establishment of a special pay scale or differential could provide the necessary incentive to attract these employees. Similar incentives for military could include provisions for promotion in place or exemption from selective early retirement.

BARRIER

The excepted service is more difficult for the personnel management system to administer. Authority for a special pay scale will require Congressional approval.

IMPACTS

Advantages

- Provides a real incentive for personnel to train and compete for critical acquisition positions.
- Allows the acquisition system to select and retain the best people available.
- Provides a system for precision downsizing.

Disadvantages

- Personnel may be reluctant to accept positions within the excepted service because of the impact of its performance-based retention criteria on job security.
- Special salary rates may require increased funding.
- Tendency may be to expand the number of critical acquisition positions to take advantage of the increased salaries.
- OPM approval may impact implementation schedule.

TASK

Task: The USD (A&T) will establish a special study group to investigate the potential use of performance based incentives for critical acquisition positions.

Responsibility: The USD(A&T) in consultation with the USD(Personnel & Readiness).

Schedule: 30 days - establishment of special study group.
120 days - study group report.

AUDITOR/INSPECTOR ACQUISITION QUALIFICATIONS

RECOMMENDATION 24

The PAT recommends that the DoD Inspector General and other Audit and Inspection Agencies take immediate steps to enhance the qualifications of acquisition management auditors and inspectors. Among these should be requiring all acquisition management auditors and inspectors over time to have Defense Acquisition Workforce Improvement Act certification, appropriate to their grade level and functional area. A necessary step should be to require all audit/inspection team leaders to be Level III certified in program management within 2 years.

DISCUSSION

Audit/inspection teams are frequently comprised of personnel who have not served in program manager or PEO organizations, are not acquisition trained, and are not Defense Acquisition Workforce Improvement Act certified. Therefore, they may inspect or audit for strict compliance regarding a functional area without regard to an integrated product focus; they can even lack a basic understanding of the acquisition process they are auditing. This requires program manager personnel to spend considerable time educating auditors and inspectors during their audit of the program.

BARRIER

This recommendation imposes new qualifications and requirements on the audit and inspection community.

IMPACTS

Advantages

- Improves value-added of the audit/inspection process.
- Improves auditor/inspector credibility with program managers, PEOs, CAEs, DAE, and Congress.
- Better qualifications facilitate earlier identification of issues/problems and establishment of timely corrective action.
- Audits and inspections will be conducted more cost effectively and with less burden on the program manager.

Disadvantages

- Cost and time to acquisition train and certify inspectors and auditors.

ec

TASKS

Task: Improve acquisition management audit and inspection team qualifications.

Subtask 1.1 Within 90 days of the Secretary's approval of this recommendation, develop a uniform Defense Acquisition Workforce Improvement Act training and certification program for DoD, Component and Agency auditors and inspectors of acquisition management.

Subtask 1.2: Require all acquisition management auditors and inspectors to attain Defense Acquisition Workforce Improvement Act certification, appropriate to their grade level and functional area, within two years after approval of the certification plan in subtask 1.1 above.

Subtask 1.3: Within two years after approval of the certification plan in subtask 1.1 above, require all audit/inspection team leaders to be Level III certified in program management.

Responsibility: DoDIG will develop the program and implementation procedures in conjunction with Component IGs, audit agencies, and the Defense Acquisition University.

Schedule: Two years from start of implementation.

CENTRAL SCHEDULING OF AUDIT/INSPECTIONS

RECOMMENDATION 25

The PAT recommends that the DoD Inspector General centrally schedule acquisition program audits and inspections in coordination with the DAE, the CAEs and all DoD and Component inspection/audit organizations. The DoD Inspector General will schedule audits no more than biennially (except for instances of fraud, waste, and abuse) and minimize program interference during critical periods, (e.g., during preparation for a decision review).

DISCUSSION

Despite policy and efforts to coordinate schedules and minimize duplication, programs offices are still subjected to frequent, multiple, and often redundant inspections and audits by several organizations, e.g., DoD Inspector General, Component Inspector General, Audit Agencies.

Inspections and audits are costly. Aside from the man-hours and costs expended by the audit/inspection teams, there are also costs associated with program office and contractor personnel who support the inspection/audit. The time not spent managing the program is a hidden cost in the process.

BARRIERS

- This recommendation places additional burdens on the DoD Inspector General and requires closer cooperation and coordination among the DoD and Component acquisition communities and the Component inspection/audit organizations.
- Component Secretaries and Chiefs could perceive a significant loss of control in overseeing their materiel acquisition programs through the independent scheduling of their Component-controlled inspections and audits.

IMPACTS

Advantages

- Is more cost-effective in a budget- and manpower-constrained environment.
- Reduces disruption in program management offices.
- Encourages consistency of focus in auditing and interpreting regulations and directives.

Disadvantage

- Realignment of resources required to centrally schedule audits and inspections.

TASKS

Task 1: Centralize audit and inspection scheduling and coordination at DoD Inspector General.

Subtask 1.1: Within 90 days of the Secretary's approval of this recommendation, establish the criterion for assigning audit/inspection responsibility for programs to a specific DoD or Component inspection/audit organization.

Subtask 1.2: Within 90 days of the Secretary's approval of this recommendation, publish the initial master plan which places all programs on a biennial, or longer, inspection/audit cycle. This plan is intended to address the periodic comprehensive reviews of individual programs, while also considering planned "cross-cutting" reviews. The initial plan should cover, as a minimum, a two-year period, and it must be developed with USD(A&T) and Component input as well as with that from the Component inspection and audit organizations. The plan will be updated annually. This recommendation will be executed in full compliance with the IG Act, PL 95-452.

Responsibility: The DoD Inspector General will coordinate and publish the master plan.

Schedule: Publish master plan within 90 days of the Secretary's approval of recommendation.

CONSOLIDATION OF DEPARTMENT AUDIT/INSPECTION FUNCTIONS

RECOMMENDATION 26

The PAT recommends that the DoD Inspector General study the feasibility of consolidating all acquisition management audits and inspections at the OSD level and provide a recommendation to the Secretary of Defense within 6 months.

DISCUSSION

Several critical aspects of the acquisition management business have been consolidated under Defense organizations such as Defense Contract Audit Agency, Defense Finance and Accounting Service, and Defense Contract Management Command. Component audit and inspection agencies are restricted from auditing DoD operations, and this restriction may preclude a comprehensive evaluation of an acquisition program.

BARRIER

None; study effort only.

IMPACTS

Advantages

- Unrestricted, comprehensive audits and inspections of acquisition programs.
- Consolidated, more cost-effective audit/inspection organization.
- More uniform, consistent acquisition management audits and inspections.

Disadvantages

- Time and cost to conduct study.
- Components will resist the loss of their own IG and audit functions.

TASK

Task: Within 6 months complete a study and present a recommendation to the Secretary of Defense regarding the consolidation of all acquisition management audits and inspections at the OSD level. Given the trend towards a defense-wide orientation of many aspects of the acquisition business (e.g., Defense Contract Audit Agency, Defense Finance and Accounting Service and Defense Contract Management Command), only a DoD audit/inspection agency can enter and thoroughly evaluate all aspects of an acquisition program. Furthermore, a single audit/inspection agency will provide greater consistency of findings; easier, less conflicting scheduling; and, a broader perspective across the entire acquisition community (to facilitate identifying and measuring trends, as well as proposing appropriate corrective actions).

Responsibility: The DoD Inspector General will complete the study for the Secretary of Defense.

Schedule: Within 6 months of the Secretary's approval of recommendation.

INFORMING THE ACQUISITION COMMUNITY OF RECOMMENDATIONS

RECOMMENDATION 27

The PAT recommends that the Defense Acquisition University develop and implement a training and information program to inform currently serving PEOs, program managers, and Defense Acquisition University faculty of oversight and review process changes approved by the Secretary of Defense. Current Defense Acquisition University courses should be updated, as required.

DISCUSSION

The reengineered systems acquisition oversight and review process will change the way in which the defense acquisition workforce accomplishes its work. Success of the reengineered process is dependent on training and educating the workforce about the new policies and procedures, discussing the impact the new process will have on the acquisition community, and implementing a changed management strategy.

The acquisition workforce needs to be rapidly informed of the approved changes in the acquisition oversight and review process. The PAT Implementation Group should work with Defense Systems Management College to publish changes to the oversight and review process in a variety of media to include a road-show briefing.

BARRIER

None.

IMPACTS

Advantages

- Gets consistent information out quickly, throughout the entire defense acquisition community.
- Fosters sound change management principles.
- Aids successful implementation.
- Provides instantaneous feedback on policy ambiguities and accelerates clarification process.

Disadvantages

- The non-Component specific aspects of this initiative may cause the Components to replicate the information dissemination program. Some redundancy and conflicting information difficulties may occur.
- Component implementation of the reengineered process may vary and require service specific training.

TASKS

Task 1: Develop and implement an information dissemination program that concentrates on publishing changes to the oversight and review process in a variety of media--and sending that information to the entire acquisition workforce.

Responsibility: The Defense Acquisition University, working with the PAT Implementation Group, and possibly Component representatives. Component specific information, if included in this training and information program will be provided by the PAT Implementation Group.

Schedule: Begin development within 30 days of the Secretary's approval of recommendation. Publish and disseminate first product within 60 days of the Secretary's approval. Publish appropriate follow-up articles thereafter.

Task 2: Develop and implement a road-show for serving PEOs and program managers.

Responsibility: The Defense Acquisition University.

Schedule: Develop road-show within 30 days of the Secretary's approval of recommendations. Provide information road-show briefing to OSD and Component staffs and PEOs and program office staffs within 90 days of the Secretary's approval.

Task 3: Incorporate the Secretary's policy and procedure changes into existing Defense Acquisition University faculty professional development training programs.

Responsibility: Defense Acquisition University.

Schedule: Provide course material and guidance to Defense Acquisition University consortium schools within 60 days of the Secretary's approval of recommendation.

ACQUISITION TRAINING FOR AUDITORS/INSPECTORS/OVERSIGHT STAFFS

RECOMMENDATION 28

The PAT recommends that the Defense Acquisition University designate course quotas for DoD and Component auditors and inspectors, and for OSD and Component oversight and review community personnel to attend program management courses.

DISCUSSION

Dependent on the prospective student's ability to satisfy course prerequisites, the PAT recommends that attendance be at either the Fundamentals of Systems Acquisition Management Course, Intermediate Systems Acquisition Course, or the Advanced Program Management Course.

The Defense Acquisition University should be given the mission with the understanding that they may divide this into separate tasks: 1) quotas for audit and inspection personnel, and 2) quotas for OSD and Component oversight and review community personnel.

BARRIER

OSD and Component organizations need to be involved in the student selection process. The Defense Acquisition University cannot "force" organizations to send students.

IMPACTS

Advantages

- Defense Acquisition University recently implemented a quota system for DoD audit and inspection community personnel.
- Educated personnel will require less training prior to audit.
- Better quality audits.

Disadvantages

- The total impact on Defense Acquisition University resources is unknown.
- May increase staff requirements.

TASK

Task: Develop and implement process giving training quotas to audit and inspection personnel and Component and OSD oversight and review personnel.

Responsibility: DUSD(Acquisition Reform) draft policy for the Secretary and allocate quotas.

Schedule: Establish policy within 30 days. Allocate quotas with next cycle.

EXECUTIVE LEVEL ACQUISITION TRAINING

RECOMMENDATION 29

The PAT recommends that the Defense Acquisition University develop and implement a mandatory Systems Acquisition Management Orientation Course for newly assigned OSD and Component-level Acquisition Executives.

DISCUSSION

This course would provide an overview of the DoD acquisition process for newly assigned OSD and Component-level Acquisition Executives and their deputies. Others may be selected for participation by the DAE and CAEs.

Ideally this would be accomplished by a one-on-one deskside briefing delivered by a Defense Acquisition University representative who has a broad programmatic perspective, and understands the unique aspects of each Component's implementation of the acquisition process. This should be accomplished prior to the time that the newly assigned person takes on his or her new job responsibilities.

BARRIER

Limited time availability of newly assigned acquisition executives.

IMPACTS

Advantage

- Fosters common understanding of acquisition system, organizational culture, contemporary issues, and policy/procedures.

Disadvantages

- Difficult to schedule training and education time for newly appointed OSD and Component-level acquisition executives.
- Newly appointed OSD and Component-level executives are inundated with information briefings from their staff, other executives, and the Components.

TASK

Task: Develop and teach an orientation course for newly assigned OSD and Component-level acquisition executives.

Responsibility: Secretary of Defense establish policy. DUSD(Acquisition Reform) provide quotas.

Schedule: Have program in place within 30 days of the Secretary's approval.

AUTOMATED INFORMATION SYSTEM OVERSIGHT AND REVIEW

RECOMMENDATION 30

The PAT recommends that the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) adapt new recommendations on the milestone process, review documentation and any other areas that are appropriate.

DISCUSSION

Although driven by different requirements, the oversight and review process for automated information systems is very similar to that of major acquisition programs. The PAT believes that many of the recommendations in this report could provide substantial benefit to the automated information systems oversight and review process.

BARRIER

Stakeholders in the decision review process and documentation may resist changes to the current process.

IMPACTS

Advantages

- Allows the automated information systems process to take advantage of the benefits derived from the recommendations of this PAT.

Disadvantages

- None.

TASK

Task: The USD(A&T) will provide a copy of this report, when approved, to the ASD (C³I) with a cover memorandum suggesting he consider implementing the PAT's recommendation for the oversight and review of automated information systems.

Responsibility: The USD(A&T).

Schedule: Within 30 days of the Secretary's approval of the report.

IMPLEMENTATION OF RECOMMENDATIONS

RECOMMENDATION 31

The PAT recommends that the DAE appoint a small Joint Service/OSD group, including members from the PAT, to guide the implementation of the Secretary of Defense-approved recommendations to reengineer the acquisition oversight and review process. This group should report to the DAE.

DISCUSSION

The PAT has presented the Secretary of Defense with 30 recommendations to reengineer the acquisition oversight and review process. Each of the recommendations is accompanied by an implementation plan that assigns implementation responsibility to offices throughout the DoD. The PAT believes that a small cadre should be responsible for ensuring the recommendations are implemented consistent with the intent of the Secretary's approved recommendations and schedule.

The Implementation Group shall include at least one senior grade (GS-15, O-6) acquisition professional from each Component and OSD and an advisory member from the Joint Staff. The Group will serve full time for approximately 6 months. The ultimate time period is dependent upon progress of implementation. The Group will report directly to the USD(A&T).

The Group must understand the PAT's recommendations and the reasoning that resulted in their development. Therefore, a member of the Oversight and Review PAT will be the leader (ideally it should be the current PAT leader). Additionally, each Component and OSD will nominate at least one individual, who may or may not have served on the Oversight and Review PAT, as their Component representative to the Implementation Group. The USD(A&T) will make the final selection of the Implementation Group leader and approve membership.

BARRIERS

- Some organizations may be reluctant to provide continued membership of one of their best personnel to the effort.
- Budget for temporary duty funds may be required for travel by Group members to brief field activities on the reengineered process.
- Administrative support will be required.
- Depending upon the recommendations, there may be organizational resistance to implementation.

IMPACTS

Advantages

- A single group spearheading the implementation of the PAT's recommendations provides a centralized focus and reporting mechanism to the USD(A&T).
- Leadership of the Group by a PAT member provides corporate knowledge and understanding of the PAT's recommendations.
- USD(A&T) leadership provides high level emphasis on implementation.

Disadvantage

- Some recommendations affect organizations outside of the acquisition community, therefore, Secretary of Defense or Deputy Secretary of Defense may be the more appropriate tasking authority for nominations of Group membership.

TASK

Task: The USD(A&T) will select the members of the Acquisition Reform Oversight and Review Implementation Team. Ideally, the membership should include a core of Acquisition Reform Oversight and Review Process Action Team members led by the PAT Leader. The CAEs and Acquisition Reform Senior Steering Group will solicit nominations for the Implementation Team. The Joint Staff will nominate an advisory member.

Responsibility: The USD(A&T).

Schedule: The implementation team should be stood up not later than January 17, 1994.

STRETCH GOALS

RECOMMENDATION 32

The PAT recommends that senior acquisition managers use "stretch" goals to establish top level metrics to motivate implementation of the features of the reengineered oversight and review process and to measure results.

DISCUSSION

Stretch goals serve to translate the Secretary's mandate into measurable criteria that motivate action from acquisition managers. They constitute "stretch" goals in that they present formidable management challenges, but are realistically achievable within 5 years. Used as the basis for metrics, these goals provide a foundation for the periodic measurement of the effects of oversight and review reengineering. The goals are the destination; the metrics will tell us how well we are proceeding over time. The goals, within 5 years, are to:

- Reduce the percentage of programs with Acquisition Program Baseline breaches to no more than 5 percent.
- Reduce cycle time by 50 percent.
- Reduce the number of people in the acquisition oversight and review process by 50 percent.
- Reduce the average cost of a milestone review by 50 percent.

The PAT believes that each recommendation in this report, once implemented, will contribute to aggregate progress toward one or more of these four goals.

BARRIER

- Some in the acquisition community may resist signing up to the goals, if perceived to be unachievable.

IMPACTS

Advantages

- Provides actionable goals for middle-level acquisition managers.
- Provides meaningful base of metrics for senior acquisition managers.

Disadvantage

- May prompt short-term management thinking and action to demonstrate interim progress toward goals.

TASKS

Task 1 Create operational definitions and baselines for cycle time, milestone review cost, number of people in acquisition oversight and review, and Acquisition Program Baseline breach.

Responsibility: OSD(PA&E)

Schedule: Goals and baselines should be defined and published by the OSD(PA&E) within 120 days following the Secretary's approval of the recommendation.

Task 2: Establish metric definitions, data collection and analysis, and reporting system.

Responsibility: OSD(PA&E)

Schedule: Goals and baselines should be defined and published by the OSD(PA&E) within 120 days following the Secretary's approval of the recommendation.

CUSTOMER SATISFACTION SURVEYS

RECOMMENDATION 33

The PAT recommends that the DAE commission periodic customer satisfaction surveys to help assess the progress of the reengineering process and to find other improvement opportunities that may emerge as the oversight and review system evolves.

DISCUSSION

It is crucial to monitor the progress of the reengineered oversight and review system on the basis of results that directly affect its customers. The USD(A&T), as the primary owner of the program execution environment, must be acutely aware of customer perceptions to meaningfully guide the evolution of the system. These customers include the user, program manager, OSD staff, CAEs and their staffs, PEOs, Joint Staff, and the various inspection, administration and audit agencies involved. Satisfaction surveys should be periodically taken of these system customers. Survey instruments should be flexible and solicitous of customer's real concerns. Highly structured data gathering instruments are probably not appropriate; surveys should feature open-ended, thought-provoking questions that help the customer identify perceived improvements and perceived barriers to the meeting of that customer's needs. This information should be used by the USD(A&T) and, in turn, by specific process owners, to manage the evolution of the reengineered system.

BARRIERS

Data gathering of this type is very expensive. It cannot be implemented by a single instruction and maintain the capacity to evolve with its results; the survey must be structured and transmitted with new instructions each time. The results will not lend themselves to computerized analysis. They must be read closely with sensitivity to subtlety. Abstraction and trend analysis require time-consuming judgmental techniques. Because of the volume of results and time constraints, the DAE can only see a small sample of primary, unabstracted responses.

IMPACTS

Advantage

- Provides customer-based information for management action.

Disadvantage

- Expensive and time-consuming.

TASK

Task: Establish survey analysis IPT and conduct survey.

Responsibility: USD (A&T)

Schedule: OSD IPT should be established within 120 days of approval of recommendation and complete survey within 200 days of approval recommendation.

APPENDIX A

LIST OF ACRONYMS

ACAT	Acquisition Category
ACTD	Advanced Concept Technology Demonstration
ADM	Acquisition Decision Memorandum
AP	Acquisition Plan
APB	Acquisition Program Baseline
ASC	Acquisition Support Commander
ASR	Acquisition Strategy Report
ATD	Advanced Technology Demonstration
BLRIP	Beyond Low Rate Initial Production
CAE	Component Acquisition Executive
CAIG	Cost Analysis Improvement Group
CE	Concept Exploration
CINC	Commander-in-Chief
CJCS	Chairman of the Joint Chiefs of Staff
COD	Cooperative Opportunities Document
COEA	Cost and Operational Effectiveness Analysis
DAE	Defense Acquisition Executive
DAES	Defense Acquisition Executive Summary
DFARS	Defense Federal Acquisition Regulation Supplement
DOD	Department of Defense
DODD	Department of Defense Directive
DODI	Department of Defense Instruction
DT	Developmental Test
EMD	Engineering and Manufacturing Development
FCT	Foreign Comparative Testing
ICE	Independent Cost Estimate
IPS	Integrated Program Summary
IPT	Integrated Product Team
J&A	Justification and Approval
JROC	Joint Requirements Oversight Council
LFT&E	Live Fire Test and Evaluation
LRIP	Low Rate Initial Production
MDA	Milestone Decision Authority
MILCON	Military Construction
MNS	Mission Need Statement
MOP	Memorandum of Policy
MOU	Memorandum of Understanding

O&M	Operations and Maintenance
OMB	Office of Management and Budget
ORD	Operational Requirements Document
OSD	Office of the Secretary of Defense
OT	Operational Test
PAT	Process Action Team
PDR	Program Deviation Report
PM	Program Manager
PEA	Program Environmental Assessment
PEO	Program Executive Officer
POE	Program Office Estimate
POM	Program Objective Memorandum
PPBS	Planning, Programming, Budgeting System
R&D	Research and Development
RDT&E	Research, Development, Test and Evaluation
RFP	Request for Proposal
SAR	Selected Acquisition Report
STAR	System Threat Assessment Report
TEMP	Test and Evaluation Master Plan
USC	United States Code
VCJCS	Vice Chairman of the Joint Chiefs of Staff